

THE FEDERAL FACTOR IN THE GOVERNMENT AND  
POLITICS OF PENINSULA MALAYSIA

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Thesis submitted for the Degree of Ph.D.  
Institute of Commonwealth Studies  
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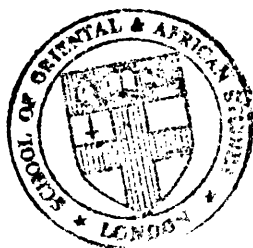
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Abstract

This thesis is a study of the federal element - that is, the relations between the Centre and States - in the politics and government of Peninsula Malaysia. It attempts to do this by going beyond federalism as just a matter of constitutional law. For the Constitution provides only the formal boundaries within which several crucial components of the political structure operate - for example administrative organisations and political parties. These individually and in their interactions affect and are affected by the federal element of the political structure. Thus, the thesis focuses on four components of the political structure - Constitution, finance, administrative organisations and political parties (essentially one-party dominance). The Chapters have been organised to reflect these concerns. The examination of these components suggests two main characteristics of federalism in Peninsula Malaysia. First, the Federation is tightly organised and within it the Centre, initially placed in a strong position vis-a-vis the States, has been growing even stronger. Second, the impact of the Centre's dominance is uneven as between States. There seems to be no reason why, despite episodes of States' resistance, the former tendency should not be maintained. The latter feature, however, is likely to be constant.



### Acknowledgements

To Universiti Sains Malaysia I wish to convey my gratitude for financing this study and allowing me an uninterrupted leave of four years. Several Libraries have also facilitated this study. These include the Institute of Commonwealth Studies, Universiti Sains Malaysia, University Malaya, Malaysian Parliament, Public Services Department, Arkib ( National Archives), New Straits Times and the Commonwealth and Foreign Office Libraries. My thanks to the staff of these Libraries. My thanks also to the respondents who have helped me along the way. Mansoor Marican shared in my early enthusiasm for this study: I am grateful for this. But my greatest debt is to Prof. Morris-Jones for his unremitting patience, guidance and nourishment. A word of thanks must go to Janet O'Neill for expediting the typing of this thesis. To Dianne goes my special thanks for sharing in this burden.

To

Dianne,

Mother,

and the memory of my Father.

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### Abbreviations and Acronyms

To save space abbreviations and acronyms have been frequently used. These include:

BEC - Branch Executive Committee  
 Berjasa - Barisan Jumaah Islamiah Malaysia  
 BG - Balancing Grant  
 BGA - Branch General Assembly  
 BGM - Branch General Meeting  
 BN - Barisan Nasional  
 CM - Chief Minister  
 DAC - District Action Committee  
 DAU - Development Administration Unit  
 DCR - Divisional Conference of Representatives  
 DDC - District Development Committee  
 DDM - Divisional Delegates Meeting  
 DEC - Division Executive Committee  
 DO - District Officer  
 DRDC - District Rural Development Committee  
 EPU - Economic Planning Unit  
 Exco - Executive Council  
 FCL - Federal Commissioner of Lands  
 FDL - Federal Director of Land  
 FEO - Federal Establishment Office  
 FMS - Federated Malay States  
 FSLC - Federal-State Liaison Committee  
 GA - General Assembly  
 GDP - Gross Domestic Product  
 GRM - Gerakan Raayat Malaysia  
 ICDAU - Implementation, Co-ordination, Development  
 Administration Unit  
 ICU - Implementation Co-ordination Unit  
 KMUF - Kelantan Malay United Front  
 KSN - Ketua Setiausaha Negara  
 MAMPU - Malaysian Administration and Manpower Planning Unit  
 MAS - Malay Administrative Service  
 MB - Mentri Besar  
 MCA - Malayan Chinese Association  
 MCS - Malayan Civil Service  
 MIC - Malayan Indian Congress  
 MP - Member of Parliament  
 MPD - Malayan and Malaysia Parliamentary Debates  
 NAC - National Action Council  
 NCLG - National Council for Local Government

NDPC - National Development Planning Committee  
NEC - National Economic Council  
NF - National Front  
NFC - National Finance Council  
NLC - National Land Council  
NOC - National Operations Council  
PAP - Peoples Action Party  
PAS - Parti Islam se Malaya  
PKMJ - Persatuan Kebangsaan Melayu Johore  
PM - Prime Minister  
PPP - Peoples Progressive Party  
PSC - Public Service Commission  
PSD - Public Service Department  
PTA - Perhidmatan Tadbir Awam  
PTD - Perhidmatan Tadbir dan Diplomatik  
PTG - Pengarah Tanah dan Galian  
RGG - Revenue Growth Grant  
SAC - State Action Council  
SC - Supreme Council  
SCIM - State Commissioner of Lands and Mines  
SCS - State Civil Service  
SDC - State Development Committee  
SDO - State Development Officer  
SEC - Supreme Executive Council  
SECom - State Executive Committee  
SF - Socialist Front  
SFO - State Financial Officer  
SLA - State Legal Adviser  
SLC - State Liaison Committee  
SOC - State Operations Council  
SRDC - State Rural Development Committee  
SRF - State Reserve Fund  
SS - Straits Settlements  
SSec - State Secretary  
UDP - United Democratic Party  
UFMS - Unfederated Malay States  
UMNO - United Malays National Organisation

### Introduction

The study of federalism has a long pedigree. Wheare<sup>1</sup> contributes by presenting, for political scientists, a systematic study of federalism. To him federalism is essentially a matter of constitutional law although he does concede the importance of social, economic and political realities in the working of a federal system.<sup>2</sup> However, to Livingston federalism is a function not of constitutions but of federal societies which are shaped by these realities or forces.<sup>3</sup> The former and latter are indeed opposite poles on the axis of 'federalism' and the movement between the two poles is not necessarily only in one direction. Viewed in this way the study of federalism involves going beyond looking at it as just a matter of constitutional law.<sup>4</sup> For after all the Constitution provides only the formal boundaries within which several crucial components of the political structure operate - for example political parties and administrative organisations. These individually and in their interactions between them affect the federal element - that is, the relations between the Centre and States - of the political structure. Thus, this thesis in its examination of federalism and the federal element in Peninsula Malaysia focuses on four components of the political structure - Constitution, finance, administrative organisations and political parties (essentially one-party dominance).

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1. Wheare, K.C., Federal Government, London, Oxford University Press, Third edition, 1953.
  2. For example, see ibid., chapters 3, 5 and 7.
  3. Livingston, W.S., Federalism and Constitutional Change, London, Oxford University Press, 1956, chapter 1, especially pp. 1-12.
  4. Examples of this include Riker, W.H., Federalism: Origin, Operation and Significance, Boston and Toronto, Little Brown and Company, 1964; Wildavsky, A., ed., American Federalism in Perspective, Boston, Little, Brown and Company, 1967; Friedrich, C.J., Trends of Federalism in Theory and Practice, London, Fredrick A. Praeger, Publishers, 1968; Earle, V., ed., Federalism: Infinite Variety in Theory and Practice, Itasca, Illinois, F.E. Peacock Publishers, INC., 1968; Franda, M. West Bengal and the Federalising Process in India, Princeton New Jersey, Princeton University Press, 1968; and May, R. J., Federalism and Fiscal Adjustment, Oxford, The Clarendon Press, 1969.

Peninsula Malaysia in comparison to the United States, Canada, Australia and India for example is relatively small. Yet it is still a Federation. Unlike Peninsula Malaysia, and perhaps also Switzerland, size was a reason for the establishment of a Federation in these countries. Ethnicity or communalism, as in India, Canada and also Switzerland, was another reason but it was not in the case of Peninsula Malaysia although communalism is a powerful force (generally centralising) in national politics - it is not a force that sustains States as such. Thus, Peninsula Malaysia represents a case where despite its small size it is still a Federation which was established essentially not because of ethnic or communal demands.

The thesis is confined to Peninsula Malaysia for three main reasons. First, the States of Peninsula Malaysia belong to one geographical unit and with the exception of Penang and Malacca had similar origins and traditions as Malay States. They were federated in 1948 to form the Federation of Malaya and in 1957 to form the Independent Federation of Malaya. Only in 1963 were Sabah and Sarawak (including Singapore) federated with the States of Peninsula Malaya to form the Federation of Malaysia. Second, these new States within the Federation of Malaysia were provided with more rights compared to the States in the Federation of Malaya. Thus, Peninsula Malaysia represents a geographically and hisitorically coherent unit of analysis. Third, the relations between the Centre and States of Sabah and Sarawak have been covered by several writers.<sup>5</sup> As yet there is no comparable treatment of the relations between the

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5. Examples include Milne, R.S., and Ratnam, K.J., Malaysia: New States in a New Nation - Political Development of Sarawak and Sabah in Malaysia, London, Frank Cass, 1974; Roff, Margaret, The Politics of Belonging, Kuala Lumpur, Oxford University Press, 1974; Leigh, M.B., The Rising Moon: Political Change in Sarawak, Sydney, Sydney University Press, 1974; Means, G.P. "Eastern Malaysia: The Politics of Federalism", Asian Survey, Vol. 8, No. 4, April 1968, pp. 289-308; and Ross-Larson, B., The Politics of Federalism, Singapore, Times Printers Sdn. Bhd., 1976.

Centre and States of Peninsula Malaysia.<sup>6</sup> Nevertheless, frequent reference to Sabah, Sarawak and Singapore in the discussion is made, as in Chapter two, when necessary.

The thesis covers essentially the post-Independence period but the importance of history cannot be denied and has accordingly been indicated where necessary. Throughout the thesis the terms 'Centre' and 'Central' will be used to refer to the Government whose laws, actions and policies have effect throughout the Federation<sup>7</sup> in contrast to States and their Governments which are constituent units of the Federation. Of the sources used in the thesis those from interviews need some clarification. Since interviews, in most cases, were granted on the basis of confidentiality it is not always possible to cite or disclose interviewees. However, it is sometimes possible to do so without compromising them. On the whole they remain anonymous.

The arrangement of Chapters is dictated by the concerns of the thesis. Thus, the thesis is arranged into four main parts: Chapters one and two on the Constitution; Chapters three and four on finance; Chapters five, six and seven on administrative organisations; and Chapters eight, nine, ten and eleven on political parties. A conclusion follows.

6. A similar point is emphasized by Gagliano, F., "Political Science", in Lent, J.A., ed., Malaysian Studies: Present Knowledge and Research Trends, Northern Illinois University Centre for Southeast Asian Studies, Occasional Paper, No. 3, Detroit, The University, 1979, p. 156.
7. Sometimes Government officials, politicians and even scholars alike have used 'Central' and 'Federal' Government to mean the same thing. This can be confusing. Only when it is unavoidable, as in quotations for example, will the term 'Federal' be retained. Distinguishing between 'Centre' or 'Central' and 'Federal' is simply for convenience but it may also be analytically desirable. In principle Federal Government refers to the system of levels of Government within which the Central and State Governments are but parts of the system. Thus, to refer to the Central Government as Federal Government is in this sense misleading.

## Chapter 1

### The Constitution and Malaysian Federalism : Arguments at the time of Constitution-Making.

This chapter and the next outline the constitutional framework of federalism in Malaysia and as such the constitutional status of States in relation to each other and to the Centre. The discussion centres on the arguments over the federal idea in Malaysia which were presented at the time of constitution-making and also subsequent to it. The discussion, however, suffers from a lack of published primary material, especially as regards the numerous memoranda submitted to the Reid Commission. Furthermore, even the debates in the Legislative Council, the Malayan and the Malaysian Parliament on the federal idea, with certain exceptions, have not been as illuminating as one would have expected.

#### The Reid Commission Report.<sup>1</sup>

The Reid Commission was given the task of examining the constitutional arrangements throughout the Federation of Malaya. It was authorised to make recommendations for a 'federal' constitution for an independent Federation of Malaya. In doing this the Commission was to provide for

"the establishment of a strong central government with States and Settlements enjoying a measure of autonomy ... with the machinery for consultation between the Central Government and the States and

- 
1. Report of the Federation of Malaya Constitutional Commission, 1957, Kuala Lumpur, Govt. Press, 1957. The Federation of Malaya Constitutional Conference - a meeting of the representatives of the British Government, the Malay Rulers and the United Malays National Organisation held between Jan.-Feb. 1956 in London - recommended the appointment of this Commission. See Federation of Malaya, Self-Government for the Federation of Malaya : Report of the Constitution Conference, London, Jan.-Feb. 1956, Kuala Lumpur, Govt. Press, 1956, p. 18. The following were members of the Commission : Lord Reid as Chairman, Sir Ivor Jennings of the United Kingdom, Sir William McKell of Australia, Mr. B. Malik of India and Mr. Justice Abdul Hamid of Pakistan. The Commission and its Report will be referred to as the Reid Commission and the Reid Report respectively.

Settlements on certain financial matters to be specified in the Constitution." 2

In its work the Commission toured the nine Malay States and the two Settlements of the Federation. It examined the memoranda submitted to it and received oral submissions made by interested groups concerning the form that federalism in the future independent Malaya should take.

Interested groups and political parties were faced with two questions: to join the new federal state or not, and if federation was desirable then what would be the States' constitutional status in relation to each other and to the Centre? The response ranged from secessionist demands to calls for a unitary Malaya.<sup>3</sup> Demands for 'States rights' were expressed by several groups, although each group had its own version of what these should be.

Several arguments were presented regarding the position of the former Straits Settlement States, the predominantly Chinese Penang and Malacca. The Pan Malayan Islamic Party or Parti Islam se Malaya (PMIP or PAS) proposed to make these States into 'Malay States' so that the system of Malay 'special privileges' would be extended to these States, complete with the selection of Malay Rulers to assure that the "special position of Malays" would be fully protected.<sup>4</sup> The

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2. Reid Report, p. 6. This was agreed to and recommended by the Federation of Malaya Constitutional Conference. See Fed. of Malaya, op. cit., p. 18. Lord Ogmore advised the Alliance delegation to this Conference that the main point about the form of constitution that it should propose was that the central authority must have powers over the State Governments. The constitution that Malaya needed, he continued, was a cross between those of Ceylon and Canada. See Miller, H., Prince and Premier : A Biography of Tunku Abdul Rahman Putra Al-Haj, First Prime Minister of Malaya, London, George G. Harrap & Co. Ltd., 1959, p. 137.
  3. The Labour Party's memorandum to the Reid Commission demanded the establishment of a unitary Government for an Independent Malaya. It argued that a federal structure, by retaining the Sultans and States, was essentially feudal in character. See Straits Echo and Times of Malaya (SETM), 29-9-1956.
  4. Means, G.P., Malaysian Politics, London, Hodder & Stoughton, second edition, 1976, p. 228.



Penang United Malays National Organization (UMNO) at its 10<sup>th</sup> annual general assembly in September 1955 discussed the demands that Penang should be returned to its proper owner, Kedah.<sup>5</sup>

The problem of the former Straits Settlement States was one of local Chinese confidence in the future Federation. Already disenchanted by the dismantling of the Straits Settlements in 1948, the loss of its free port status on which much of its economic prosperity depended, and anxious about Chinese rights as British subjects and their future in an independent Malaya, the Penang Straits Chinese British Association (SCBA) responded to the above arguments by declaring that

"The best solution would be for all the nine States and Two Settlements to enjoy political autonomy and form a United States of Malaya...Failing this, we have no alternative but to agitate for a dominion status for Penang, Malacca and Singapore - in other words, we will return to our former status [as Straits Settlements]." 6

Tunku Abdul Rahman, the leader of the Alliance<sup>7</sup>, responded to

- 
5. Straits Echo and Times Malaya (SETM), 26-9-1955. Penang UMNO decided to defer a decision on this matter until after independence. However, it later recommended to the national UMNO that Penang should be returned to Kedah. See UMNO, Bahagian Pulau Pinang, Memorandum (SU Bahagian Pulau Pinang), 3-5-1956, Kepada Setia Usaha Agong UMNO, p. 1. Several other UMNO organizations supported this, and also called for the return of Malacca to either Johore or Negri Sembilan. See UMNO Perlis, Cadangan Kepada Setia Usaha Agong UMNO bagi Surohanjaya Reid, p. 1. and UMNO, Cawangan Suangai Yen (Kedah), (Kasim Ahmad, Setiausaha), Shor dan Fikiran untuk Surohanjaya Bebas, kepada Setia Usaha Agong- Agong UMNO, 21-5-1956, p. 1. There were also suggestions calling either for Malacca and Penang to be placed directly under Central authority or to unite both States into one State within the new Federation. See UMNO, Bahagian Kota Bahru, Fikiran-Fikiran dan Shor-Shor untuk di-kemukakan kepada Surohanjaya Bebas Perlembagaan, kepada Setia Usaha Agong UMNO, Kelantan, 29-5- 1956, p. 1; UMNO, Kuala Langat, (Selangor), Bagi Menjawab Surat Keliling Bil : SUA / 107 / 56 dan SUA / 95/56 (2) kepada Setia Usaha Agong UMNO, 17-5-1956, p. 2; and UMNO Selangor, Rangka Garis Surohanjaya Bebas, 24-6-1956, p. 1. Penang still pays Kedah 'lease money'.
  6. SETM, 19.2.56 and 20.7.56.
  7. The Alliance was a coalition of the United Malays National Organization (UMNO), the Malayan Chinese Association (MCA), and the Malayan Indian Congress (MIC).

this secessionist sentiment<sup>8</sup> by categorically declaring that the inclusion of Penang in the Federation was 'absolutely necessary'.<sup>9</sup>

Koh Sin Hock, a member of the Penang SCBA, expressed another variant of secession in his 'Malta Plan' - Penang as a separate State in political association with the United Kingdom.<sup>10</sup> On January 22, 1957, the secessionists suggested another variant - the recreation of a group of three States distinct from the nine Malay States.<sup>11</sup> They suggested that

"there should be a loose federation between Singapore, Penang and Malacca under their own autonomous Government and the nine Malay States." <sup>12</sup>

This call for a confederation also implied that secession by individual States was no longer a practical alternative.

If Penang and Malacca had necessarily to be in the Federation then their status had to be clearly defined. The Alliance Memorandum stated that Penang and Malacca should have the same status as the nine Malay States in the Federation.<sup>13</sup> The Penang Malayan Chinese Association (MCA) in a separate memorandum demanded that

"The Settlement of Penang should not revert to the State of Kedah as such a move will not be consonant with the changes and progress that have have taken place within the Settlement in the last one hundred and fifty years ... Penang must ... be allowed to take charge of its own destiny as a separate and equal State with the other members of the Federation ... Kedah should relinquish its claim on Penang." <sup>14</sup>

It further suggested that a new constitution for the Malayan nation must provide strong safeguards to ensure the ties that bind State to State and State to Federation.<sup>15</sup>

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8. For further details on the Penang secessionists, see Sopiee, M. N., From Malayan Union to Singapore Separation, Kuala Lumpur, Penerbit Universiti Malaya, 1976, pp. 71-80.

9. ibid., p.73.

10. ibid., p.74.

11. ibid.

12. ibid.

13. See Alliance Memorandum to the Reid Constitutional Commission, pp. 1-2. This will be referred to later as the Alliance Memorandum. See also SETM, 25-8-1956.

14. ibid., 4-9-1956.

15. ibid.

Such safeguards should include stringent requirements for any alteration of the Constitution.<sup>16</sup>

The Malay States of Johore and Kelantan also initially, resisted the 'federal' idea. The Ruler of Johore, Sultan Ibrahim, was convinced that the British Adviser System was essential to the smooth running of the State and he feared that this would be destroyed by independence and federation. In a letter to the 'Sunday Times' he declared that

"I am sure many people will agree we were all very happy when Singapore, Penang and Malacca were the Straits Settlements; when Perak, Selangor, Negri Sembilan and Pahang were the Federated Malay States, and Johore, Kedah, Kelantan, Trengganu and Perlis were Unfederated Malay States." 17

In another statement he declared:

"I do not care what the other Rulers may say but as for Johore and myself I must have a British Adviser, otherwise, work cannot be carried out smoothly." 18

The Sultan's declarations were in direct opposition to the Alliance's demands for the speedy achievement of independence and the dismantling of the 'adviser system'.<sup>19</sup> The

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16. ibid. Penang MCA suggested that the Constitution should only be altered by a 3/4 majority in the Federal Legislature, by a 3/4 majority of the States as constituent members of the Federation, and also by a 3/4 majority of a popular referendum.

17. Sunday Times, 18.9.1955.

18. ibid. , 15.12.1955.

19. Collectively, the Malay Rulers were apprehensive about the move towards speedy independence because of the fate that befell their Indian counterparts after Indian Independence. To pacify them the UMNO and the Alliance Government pledged to protect the Rulers' rights and privileges by including them in the country's new constitution in return for their full support for rapid advancement towards Independence. See Shaw, W., Tun Razak: His Life and Times, London, Longman, 1976, p.103. UMNO realised that the Rulers' support was vital for the establishment of an independent federation because they would have "to waive some of their rights over their respective territories in order to establish the Federation". See Alliance Memorandum, p. 1. The Rulers' support, thus, had to be 'bought'. Interview with Mohd. Khir Johari, then UMNO Supreme Executive Council member and intimately involved within UMNO and the Alliance in the constitutional discussions, 29.9.80. Eight other Rulers assured Tengku Abdul Rahman, UMNO President and Alliance leader, that they disagreed with the views of the Sultan of Johore. See Simandjuntak, B., Malayan Federalism, 1945-1963, Kuala Lumpur, Oxford University Press, 1969, p. 76.

Sultan's resistance was supported by the Persatuan Kebangsaan Melayu Johor (PKMJ, the Johore Malays National Organisation) which was formed on October 22, 1955.<sup>20</sup> The PKMJ declared that it would campaign for Johore's secession from the Federation and for the restoration of Johore's former status as an 'independent' State under British protection.<sup>21</sup>

It would seem natural that those associated with the PKMJ would support the Sultan in his opposition to independence and federation. They were the traditional elite whose political position and social eminence depended on their relationship with the Sultan. They were, however, supplanted as the local elite after being heavily defeated by Alliance candidates in Local, State and Federal elections. Only through secession would they be able to redeem their former status. As Sopiee remarked,

"An independent Johore, with the Sultan restored to his former splendour and once more in a position to exercise his authority, could result in the supplanting of the UMNO establishment and the reestablishment of the political position and, probably more important, the social eminence of the courtiers."<sup>22</sup>

In Kelantan, the Kelantan Malay United Front (KMUF), formed on November 28, 1955, in Kota Bharu, campaigned for secession. The KMFU saw Malayan independence and federation as signalling the loss of Malay rights to the Chinese. Its leader Nik Mohamad Abdul Majid, argued that since the federal set-up of 1948 the Malays had gradually lost their rights to the Chinese and also the

"Malays have been degraded into accepting, as Ministers Chinese and Indians." <sup>23</sup>

In other words, the KMFU saw the Federation of Malaya as being a sell out to non-Malay interests. The KMUF also

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20. SETM, 24-10-1955.

21. ibid. A fuller discussion of the PKMJ's secessionist activities is provided by Sopiee, M.N., op. cit., pp. 80-85.

22. ibid. p. 82.

23. Straits Times, 24-11-1955. The KMUF was obviously referring to the appointment of non-Malays of the MCA and MIC as Ministers in the Malayan Government under the Member-System prior to Independence.

wanted to restore the supremacy of the Islamic religion, the Malay language and Malay customs.<sup>24</sup>

Leaders of the KMUF and PKMJ had two characteristics in common - antagonism towards the Alliance, especially UMNO, and a weak political position. Lacking popular support, opposed by the dominant political party of the time, the Alliance, and faced with an unsympathetic British Administration, the resistance to the 'federal' idea failed. Tunku Abdul Rahman had categorically stated that

"the UMNO-MCA-MIC Alliance will not tolerate attempts from any quarter to partition Malaya on any account."<sup>25</sup>

The Alliance's conception of a federal state was contained in its memorandum to the Reid Commission.<sup>26</sup> The Alliance argued that an independent Malaya should be a federation of eleven states<sup>27</sup> and that the principles governing the Federal Constitution should be adopted by the States.<sup>28</sup> Further, it argued that the division of legislative and executive powers between the Central and State Governments should be based on the principle that

"there should be a strong Central government with states enjoying responsible government and having autonomous powers in certain specified matters."<sup>29</sup>

It also recommended that the legislative and executive powers of the Central and State Governments should be clearly defined.<sup>30</sup> Thus, the legislative powers of the States

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24. ibid.

25. Singapore Standard , 21-10-1955.

26. Unfortunately, apart from the Alliance Memorandum, evidence regarding the memoranda, especially that of the Rulers, has been sketchy. The Alliance Memorandum was prepared by an Alliance Ad Hoc Political Committee. It was submitted to the Reid Commission on September 9, 1956, by an Alliance delegation led by Tunku Abdul Rahman and comprising, from UMNO, Tun Abdul Razak, Mohd. Khir Johari and Senu Abdul Rahman, and from MCA, Bang Pang Hwa and Eng Ek Tiong, and from MIC, V.T. Sambantham and Ramana-than. See UMNO, Penyata UMNO, Tahun 1955-1956, p. 6.

27. Alliance Memorandum, p. 1. See also SETM, 28-9-1956.

28. Alliance Memorandum, p. 10. See also Sadka, E., " Constitutional Change in Malaya: A Historical Perspective", Australian Outlook, Vol. 11, No. 3, 1957, p. 28.

29. Alliance Memorandum, p. 7. See also SETM, 25-8-1956.

30. Alliance Memorandum, p. 8.

"should be stipulated and ... the residuary powers should be vested in the Federal Government." 31

Also, the legislative powers of the Central Government

"should continue to be as in column (1) of the second Schedule to the Federation of Malaya Agreement [1948]. The States should have the legislative powers in remaining matters to be specified." 32

Surprisingly, it retained the principle of conferring legislative power on the Centre and executive power on the States by recommending that

"The States should have executive authority over matters on which the Federal Government has legislative power as in column (2) to the Second Schedule [Federation of Malaya Agreement, 1948], except in matters relating to education." 33

Surprisingly because, in view of the Alliance's awareness that different political parties might control the different levels of government,<sup>34</sup> this principle could lead to endemic Centre-State tension. Equally surprising was its argument against the provision of any formal consultative machinery in the exercise of executive powers because it believed that, in a situation where different political parties controlled the Central and State Governments, this mechanism would not be conducive to efficient government.<sup>35</sup> It, however, recognized that from time to time there might be a need for establishing an informal Centre-State

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31. ibid., p. 7. It was considered necessary that the Central Government should have residual powers because of the need for a smooth and efficient administration for the country as a whole, especially in times of crisis. See ibid.

32. ibid.

33. ibid.

34. ibid.

35. ibid., pp. 8-9. See also SETM, 28-9-1956.

arrangement.<sup>36</sup>

In the area of Centre-State finance, the Alliance recommended that the States should be financially autonomous but

"the power to raise revenue and the system of allocation of funds between the State and Federal Governments should be as in the Third Schedule and Part III of the Federation of Malaya Agreement [1948]." <sup>37</sup>

In land matters it recommended that the Central Government should have the power to acquire land anywhere in the country for any purpose of national importance after consultation with, but not concurrence of, the State Government concerned.<sup>38</sup> In both financial and land matters the already overwhelming power of the Centre was further emphasised.

The Alliance recommended that the Upper House or Dewan Negara should comprise forty-five members : two members to be elected from each of the eleven States, twenty-two members and the Speaker to be appointed by the Centre.<sup>39</sup> The Dewan Negara would thus comprise twenty-two and twenty-three representatives from the States and Centre respectively. On the amendment process the Alliance recommended that amendments to the Constitution should be made only if approved by at least two-thirds of the Upper and Lower Houses of Parliament.<sup>40</sup> In addition, if these amendments affect the rights of States then these would

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36. Alliance Memorandum, p. 9. It could be argued that the informal consultative arrangement might best work when one party controlled both levels of government. With the benefit of hindsight, the Indian experience suggested this. However, when it was felt that the Working Committee of the Indian Congress Party, as an informal co-ordinative machinery, could be useful only so long as Congress controlled both levels of government, the Central Government found it necessary, in 1952, to establish a National Development Council. In short, a formal consultative machinery was especially necessary when different parties controlled the different levels of government. See Kochanek, S., The Congress Party of India, Princeton, New Jersey, Princeton University Press, 1968, p. 190.

37. Alliance Memorandum, p. 9.

38. ibid., See also SETM, 28-9-1956.

39. Alliance Memorandum. p. 3.

40. ibid., p. 20.

also have to be approved by two-thirds of the State Legislatures by simple majority vote.<sup>41</sup> The recommended amendment procedure was stringent and within which the States' participation was necessary. Thus, the Dewan Negara and the amendment process could provide real safeguards to State interests and to the federal union.

The Reid Commission seems to have relied heavily on the memoranda<sup>42</sup> received from the Malay Rulers and the Alliance. The Commission recommended that independent Malaya should be a federation with a strong Central Government and with the States and Settlements having a measure of autonomy.<sup>43</sup> Regarding the status of the former Straits Settlement States, the Commission argued that

"Our terms of reference not only require us to recommend a measure of autonomy for each of the States and Settlements but also appear to preclude us from recommending any changes in their existing boundaries, and we have therefore not considered certain representations that changes should be made in this respect."<sup>44</sup>

It recommended that any future boundary alterations should depend on the agreement of the States and Settlements concerned.<sup>45</sup> It further recommended that

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41. ibid.

42. The Reid Report seemed to suggest this. See Reid Report, p.7. This was confirmed by E.O.Laird. Interview with E.O.Laird, formerly Secretary to the Reid Commission, 22-10-79.

43. Reid Report, p.8. 'National priorities' shaped the Commission's recommendations. Interview with E.O.Laird.

44. Reid Report, p. 35. 'Secessionists' and other non-federal demands did not represent an important part of the memorandum submitted. Furthermore, many demands were contrary to the Commission's frame of reference. Interview with E.O.Laird.

45. The Reid Commission provided for this in Article 2 of the Draft Constitution of the Reid Report. This provision was probably made in response to several representations concerning several 'disputed' areas. For example, apart from the question of Penang, the 'State Council' of 'Negri Naning' - a Minangkabau Settlement incorporated into Malacca in 1845 - in its memorandum demanded the return of its 'sovereignty'. See Sopiee, M.N., op.cit., p. 84, n. 100.



"In spite of the fundamental constitutional differences between the present positions of the States and of the Settlements we think that in future they should have the same degree of autonomy." 46

The Commission pointed out that the Federation of Malaya Agreement, 1948, provided a Constitution which placed overwhelming legislative powers with the Centre.<sup>47</sup> It was convinced that this 1948 Constitution was based on the unsound and impracticable principle of conferring legislative power on the Centre and executive power on the States.<sup>48</sup> Thus, where different political parties controlled the Central and State Governments, such a division of powers

"would probably lead to friction and might well have grave consequences." 49

It therefore recommended that

"in future legislative power and executive responsibility should always go together." 50

In this respect it did not follow the Alliance's recommendation. Accordingly, three legislative lists were recommended: Federal, State and Concurrent. It also

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46. Reid Report, p. 36. To ensure this the Reid Commission recommended Article 66 - the 'essential provisions' requirement that each State Constitution must provide for - of the Draft Constitution. It further recommended that these provisions should be enforceable by Parliament. Part 1 of the Fifth Schedule of the Draft Constitution contained details of the 'essential provisions'.

The Reid Commission's adherence to the principle of equality in terms of autonomy among the States was in response to the fears of the non-Malays' dominated Penang and Malacca concerning their status and position in a future independent Federation of Malaya. Interview with E.O.Laird.

47. Reid Report, pp. 11-12.

48. ibid., p. 36. Emily Sadka argued that this principle of allocating the legislative and executive powers to the Centre and States respectively was intended to safeguard local autonomy, by forcing the Central Government to rule through eleven projections of itself. See Emily Sadka, op.cit., p. 29.

49. Reid Report, p. 36.

50. ibid. For details see Article 75 and Schedule VL (division of powers) of the Draft Constitution of the Reid Report.

recommended that residual powers should be given to States, convinced that

"The situation of the residual powers makes no difference to the construction of any of the specific powers in the Federal List ... Moreover, it is unlikely that the residual power will ever come into operation because the Legislative Lists, read in the light of the clauses in article 68, appear to us to cover every possible matter on which there might be legislation. The only real effect of leaving the residual power with the States is that if some unforeseen matter arises which is so peculiar that it cannot be brought within any of the items mentioned in any of the Legislative Lists, then that matter is within the State powers." 51

Despite the above division of powers, the Commission believed that co-operation between Central and State Governments should be encouraged. To facilitate this it recommended that

"There should be a general power of delegation conferred on both the Federal and State Governments with regard to the performance of any of their executive functions." 52

It further recommended that

"The Federal Government should be authorised to delegate any particular functions or duties to a State Government or to State officers, and State Governments should be similarly authorised to delegate to the Federal Government or Federal officers or to any other State Government or its officers." 53

The Commission was convinced that on certain matters a 'uniformity of laws' in the various States was necessary. On such matters Parliament should have the power to pass an Act on any State subject.<sup>54</sup> However, such an Act would come into force only with the concurrence of States as expressed in terms of an Enactment of the State Legislative Assembly. Furthermore, the State Legislative Assembly in adopting such an Act should be entitled to make any necessary modifications. In this way the Commission believed

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51. ibid., p. 53. Means argued that the Commission gave residual powers to the States partly on the assumption that the Federation was a creature of the States from which ultimate authority was derived. See Means, op.cit., p. 183.

52. Reid Report, p. 36. Article 76 of the Draft Constitution provided for this.

53. ibid., pp. 36-37. Article 148 of the Draft Constitution provided for this.

54. ibid., p. 37. Article 70 of the Draft Constitution provided for this.

that the supremacy of a State on State subjects would be preserved.<sup>55</sup> In making the 'uniformity of laws' recommendation the Commission had in mind the two most important matters on the State List, land and local government.<sup>56</sup>

The Commission believed that the future prosperity of Malaya depended on the proper use of land and that a planned national policy for this was essential.<sup>57</sup> Land also was ( as it remains ) a major source of revenue for the States. It recommended that land must remain a State subject because this was the basis of State autonomy and argued that it would neither be practical nor desirable to transfer the general administration of land to the Federation.<sup>58</sup> However , it made clear that to promote national interest projects, like national development and conservation, the Centre ought to have powers to pass laws regarding the use of land.<sup>59</sup> This was further strengthened by the Commission's recommendation that the Centre was to be the sole judge of its requirements for State land and that, after due compensation had been worked out, the Centre should have the power to require the States to make available land which it required for federal purposes.<sup>60</sup> The Alliance Memorandum had indeed recommended that the Central Government should have the power to acquire land anywhere in the country for any purpose of national importance after

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55. ibid.

56. ibid. , p.37. The Reid Commission was especially keen on drafting and enacting a National Land Code. See ibid. , p. 39.

57. ibid. , p. 37. The issue of land was especially 'sticky'. Interview with E.O.Laird.

58. Reid Report, p. 39.

59. ibid. , pp. 48-49. As in the case with land, the Central Government was also empowered to formulate an overall policy on mining, forestry and agriculture ( all matters on the State List ). Under the Federation of Malaya Constitution of 1948, the Centre had legislative power for compulsory acquisition of land but the States had the executive authority. The Reid Commission believed that the Central Government was both the custodian and the propagator of the 'national interests'. Interview with E.O.Laird.

60. Reid Report, pp. 41-42. Article 78 of the Draft Constitution provided for this.

consulting, but not with the concurrence of, the State Government concerned. The Commission, however, alluding to the possibility that such powers might be contrary to the 'federal' concept and could cause Centre-State friction, stated that

"We think that such [national] development ought to be the direct responsibility of the Federation, but we do not think that it is possible to give the Federation a completely free hand without undermining the autonomy of the States and possibly causing friction between the States and the Federation." 61

Two general limitations<sup>62</sup> on the exercise of such powers were thus recommended. First, before the Centre could initiate any scheme of development or conservation which involved interfering with State rights the scheme should first be examined by an 'expert body' and followed by consultation between the Centre and the States in the National Finance Council (NFC). Second, any such scheme should be confined to a specified area or specified areas. The Commission, however, did not specify who were to be members of this 'expert body'.

Before 1956 the States depended on Central funds and every year there were disputes between the Centre and the States over the amount to be granted. The Commission argued that these disputes could become more acute as democratic control replaced official control in the States.<sup>63</sup> Furthermore,

"the States have no assurance as to the total amount of their incomes from grants in future years. They can hardly have any real financial autonomy and they have little direct incentive to economy, if their deficits are to be met every year by the Federation, and it is difficult for them to plan ahead without a firmer assurance of their future financial resources." 64

The Commission, nevertheless, candidly stated that the federal system must continue to rely upon federal funds for the substantial support of all levels of Government.<sup>65</sup>

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61. ibid. , p. 46.

62. Article 84 of the Draft Constitution provided for this.

63. ibid. , p. 60.

64. ibid.

65. ibid. , p. 61.

It also pointed out that to maintain a given balance between State and Central authority, the economic and financial relations might require careful planning if the State was not to come under direct Central supervision in fields which were constitutionally subjects of State Legislation.<sup>66</sup> To achieve this States must have independent sources of income not subject to the discretion of the Central Government if federalism was to work.

The Commission faced this problem: how to guarantee States' financial independence commensurate with "the establishment of a strong central government with the States and Settlements enjoying a measure of autonomy". It recommended the transfer of certain State responsibilities - education, medical and health (in the State List of the 1948 Constitution) - to the Federal List.<sup>67</sup> In short, shrinking the areas of State responsibility and competence. State expenditure could thus be reduced by narrowing the list of State subjects with which it could constitutionally deal. Ironically, it believed that the reduction in State responsibilities would strengthen the States vis-a-vis the Central Government by their having to rely less on Central funds.<sup>68</sup> However, the continual transfer of State subjects to the Centre to match States' financial capabilities would allow States' that "measure of autonomy" but would in time reduce them to mere formal units of the Federation without real powers.

States' financial independence could also be strengthened if States were provided with wide taxing powers. This was considered and rejected.<sup>69</sup> The Commission recommended by a majority that States should not have wider taxing powers than those which they already had.<sup>70</sup> Mr. Justice Abdul Hamid opposed this recommendation. He argued that States should be entitled to levy taxation in respect of all

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66. ibid., p. 60.

67. Further, the Commission felt that the subjects transferred to the Centre were essentially national in scope and character and thus should properly be within the jurisdiction of the Centre. Interview with E.O.Laird.

68. Reid Report, p. 60.

69. ibid.

70. ibid.

matters on the State List and that the Centre should not be entitled to levy taxation in respect of these matters.<sup>71</sup> The Commission recommended that States must continue to receive large grants from the Centre as a right and not

"as subsidies depending on the favour of the Federation." 72

It was convinced that an equalisation policy could best be achieved by the Centre rather than by giving each State wider taxing powers. It stated that

"we would expect that national policy will endeavour so far as possible to promote equally the prosperity of all parts of the that Federation, and if the States were entitled to raise additional revenue directly this objective would be difficult to achieve." 73

The Commission viewed grants-in-aid as the key to the problem of State finance. Grants-in-aid, on past experience, were not only relatively large but also the subject of Centre-State friction. In anticipation, the Commission recommended three steps. First, the establishment of the National Finance Council (NFC),<sup>74</sup> the consultative machinery which would deal with questions of grants. Second, grants should be given for an extended period of five years.<sup>75</sup> Finally, development should be the Centre's responsibility.<sup>76</sup> The time stretch of five years would give State authorities the real leeway for financial autonomy, tempered with the knowledge that a new grant would be required in five years. The Commission recommended that

"Since every State must spend federal money the State Constitutions must contain appropriate provisions for financial control, not differing in essentials from those which apply to the Federal Government itself." 77

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71. ibid.

72. ibid., p. 61.

73. ibid.

74. ibid., pp. 61 & 64. The NFC was to be a purely consultative and advisory body. Its members comprised the Prime Minister, a Federal Minister, the eleven Mentri Besars or Chief Ministers of the States. It was to meet at least once a year to discuss and deal with questions relating to Centre-State financial relations.

75. ibid., p. 61.

76. ibid., p. 48.

77. ibid., p. 65. These provisions were contained in the Fifth Schedule of the Draft Constitution.

It made the adoption of these provisions by State Constitutions a condition precedent to the establishment of the new grant system in each State.<sup>78</sup> Apart from this, the State was free to do what it liked with the grants provided that the relevant legislation was not ultra vires.

With regard to States' right to borrow or contract loans, the Commission stated that

"in view of the degree of future autonomy which we recommend for the States, there ought to in addition to be more general provisions authorising the States to contract loans." <sup>79</sup>

However, it recommended that States' right to borrow or contract loans should be one of specified financial matters to be referred to the NFC for consultation between the Central and State Governments.<sup>80</sup> It further argued that

"since the State and the local authorities have such limited independent revenue and since it is undesirable that such small borrowing authorities should compete against each other for narrowly limited savings, it seems essential that all loans should be raised by the Federal Government." <sup>81</sup>

The Commission accepted the allegation of State financial officers that in the past the practice was that States and Local authorities were "last in the queue" for moneys raised by loans. To avoid this the Commission recommended that all loans raised by the Central Government should be made only after considering the needs of the States as well as those of the Federation as a whole.<sup>82</sup>

How amendable ought a constitution to be and how should it be amended? On the amendment process the Commission stated that,

"It is important that the method of amending the Constitution should be neither so difficult as to produce frustration nor so easy as to weaken seriously the safeguards which the Constitution provides." <sup>83</sup>

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78. ibid.

79. ibid., p. 63.

80. ibid., pp. 63-64. Article 102 of Draft Constitution provided for this.

81. ibid., p. 64.

82. ibid.

83. ibid., p. 33.

The Commission envisaged the Senate as a major safeguard for States in matters concerning amendments to the Constitution. It recommended that in the Senate each State should have two representatives elected by the State Legislative Assembly and the Central Government should have eleven representatives appointed by the Yang Di-Pertuan Agong. Thus, the State and Central Governments would have twenty-two and eleven representatives respectively in the Senate.<sup>84</sup> It further recommended that

"amendments should be made by Act of Parliament provided that an Act to amend the Constitution must be passed in each House by a majority of at least two-thirds of the members voting. In this matter the House of Representatives should not have the power to overrule the Senate. We think that this is sufficient safeguard for the States because the majority of members of the Senate will represent the States." 85

The composition of the Senate was thus viewed by the Commission as a 'block' to amendments which the majority of States opposed.

Sir William McKell and Mr. Justice Abdul Hamid dissented from the Commission's recommendations. They argued that a Senate truly representative of the States, and one in keeping with modern democratic constitutions and with the terms of reference, should have no Central nominees and should

"consist of an equal number of members from each State, to be elected on the same franchise as that on which members will be elected to the House of Representatives." 86

They were also opposed to the principle of indirect election whereby State legislatures were to elect 22 Senators. They submitted three reasons for their opposition.<sup>87</sup> First, it would make Senators responsible to the State legislatures and not directly responsible to the people of each state. Second, the State legislatures' duties relate to domestic powers vested in them under the Constitution and thus

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84. ibid., p. 26.

85. ibid., p. 33. My emphasis.

86. ibid., p. 34.

87. ibid., p. 35.



"it should not be part of their function to choose for the people their representatives in the national parliament whose functions it is to exercise powers national in character untrammelled by considerations of local concern." 88

This was a surprising reason for if the Senate was to be a truly State body then Senators ought to reflect and defend considerations of local (State) concern. Third, the American experience before 1913 had shown that indirect election by the State Legislatures had resulted in the most grave abuses.

The Commission's recommendations on emergency powers<sup>89</sup> opened the way for Central infringements of State rights. Such infringements would be justified, it argued, in situations of danger which threatened the nation. However, "the occasions on which, and so far as possible the extent to which, such powers can be used should be limited and defined." 90

It recommended that

"It must be for Parliament to determine whether the situation is such that special provisions are required." 91

Except that 'Parliament' includes the Commission's States-dominated Senate and thus States rights could conceivably still be protected. In making these recommendations it was very much aware of the violence and potential danger to Malaya of the still-existing Emergency.<sup>92</sup> Mr. Justice Abdul Hamid pointed out, however, that

"no request has been made from any quarter for inserting a part relating to Emergency provisions of this nature in the Constitution and no Constitution of the Commonwealth countries excepting India and Pakistan has a chapter of this kind." 93

He was particularly critical of the recommendation that Parliament was to be the sole judge of whether special provisions were required or not. He argued that the use of Emergency provisions would make it necessary not only to suspend constitutional guarantees for States but also

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88. ibid.

89. ibid., pp. 74-75.

90. ibid., p. 74.

91. ibid., p. 75.

92. The Emergency was declared in 1948 when the Malayan Communist Party begun an armed campaign for Malayan Independence.

93. Reid Report, p. 104.

for the Central government to take over legislative and executive authority from the States. He believed that if Emergency powers were at all necessary then

"it is necessary that such extraordinary powers should be available only on the occurrence of an emergency of an extremely dangerous character and not when Parliament without the existence of an emergency of any serious kind makes use of these extraordinary powers by making a statement that a situation has arisen which calls for the exercise of those powers... It is in my opinion unsafe to leave in the hands of Parliament power to suspend constitutional guarantees only by making a recital in the Preamble that conditions in the country are beyond the reach of ordinary law." 94

The implication of this argument was that a Declaration of Emergency could be contested in Court by a plaintiff State as to its validity. In short, a Declaration of Emergency could be made justiciable.<sup>95</sup>

The Reid Report recommended a federal state with a strong Central bias. It emphasised the principle of equality in constitutional status of States in their relation with one another and to the Centre. The power of the States, which seemed to be all inclusive in certain key areas, cannot, it appeared, interfere with national planning. While the States appeared to have power over those matters that were traditionally State affairs, it seemed that the Centre was in a position to control all essential matters. The onus would seem to be with the Centre to make federalism work and State rights meaningful. The Senate was intended to be a 'States right' body by the Reid Commission, especially in matters concerning amendments to the Constitution. However, its effectiveness as a 'States right' body would be reduced by several factors. First, its composition and the method of selecting its members would make it only

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94. ibid. My emphasis.

95. A similar argument was presented by Sarawak (the plaintiff State) when it contested the validity of the Emergency (Federal Constitution and Constitution of Sarawak) Act, 1966. This case is examined later in chapter two.

partly as a 'States right' body. Second, there was no Constitutional provision requiring State Senators to vote as instructed by the State legislature concerned. Third, it would be very difficult for States' representatives in the Senate, because of party politics, to form a 'united front' against the political authority of the House of Representatives. This ability to form a 'united front' would in turn determine their ability in the Senate to block constitutional amendments that were considered damaging to States' rights.

#### The 1957 Constitution.

The Constitution of 1957, a revised version of the Reid Report Draft Constitution,<sup>96</sup> created a Federation of eleven States; Perlis, Kedah, Penang, Selangor, Negri Sembilan, Malacca, Johore, Pahang and Kelantan. These States, with certain exceptions,<sup>97</sup> were equal in their constitutional status and relations to one another. Their relations to the Centre were equal for each State but they were not equal to the Centre except in constitutional recognition. This Constitution eschewed 'special privilege' being accorded to any founder States, rich or poor, of the Federation. The

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96. The Draft Constitution was reviewed and minor revisions made by the Constitutional Working Committee that met during March-May 1957. The Committee comprised four representatives each from the Malay Rulers and the Alliance Government, the High Commissioner the Chief Secretary to the Government, and the Attorney-General as the representative of the Crown. It was reported that the Committee found it difficult to resolve several issues : the status of Penang and Malacca upon the withdrawal of the sovereignty of the Crown; financial rights of the States; and control of land by the States. See Straits Times, 2-5-1957, pp.1 & 9. Tunku Abdul Rahman admitted that the Rulers representatives in this Committee were not initially sympathetic to the recommendation that the Federation ought to have wide powers regarding the use of land. They believed that this could limit the autonomy of States. See Federation of Malaya, Legislative Council Debates, 10-7-1957, col. 2854.

97. For example, Perlis was permitted some variation in the 'essential provisions' of its Constitution. See article 71 (5) (b). The Menteri Besar of Perlis had argued that because Perlis was backward it was unable to adopt these provisions in its entirety straightaway. See Federation of Malaya, op. cit., col. 2967.

only difference in the status of the member States, conceivably, was dictated by their origins as Malay States or Crown Colony. But in substance and in fact, all the founder States shared a common status.

During the debate on the Constitutional proposals in the Federal Legislative Council, Tunku Abdul Rahman, the Chief Minister, reemphasised that

"It is a fundamental part of the proposals as a whole that Penang and Malacca should take their places in the new Federation as equal partners with the Malay States." 98

Haji Ahmad, however, was especially critical of the equal status accorded to Penang. He asked,

"Why should the Island be made a separate State when, we all know, it was part of Kedah. The British Government gained possession of the Island by lease and if the British administration of the Island is to come to end, it should revert to the State of Kedah." 99

Legislative powers were divided into Federal, State, and Concurrent Lists ; with residual powers remaining with the States.<sup>100</sup> These lists also defined the extent of Central and State executive powers. Whether each State Government was, within defined legislative and executive powers, autonomous appeared problematic since there were a number of other constitutional provisions which permitted the Federal Parliament to legislate on State matters. For example, Article 76 accorded to the Central Parliament with such powers 'to provide uniformity of law and policy', particularly on land and local government matters. This power, as pointed out by the British White Paper presented to the British Parliament, was meant

"only for the purpose of ensuring uniformity of law and policy, and if any such law makes provision for conferring executive authority on the Federation it will not operate in any State unless approved by resolution of the Legislative Assembly of that State." 101

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98. ibid., col. 2849.

99. ibid., col. 2909.

100. Article 74 and the Ninth Schedule of the Constitution.

101. Colonial Office, Constitutional Proposals for the Federation of Malaya, London, Cmd. 210, June, 1957, p. 11.

Tunku Abdul Rahman assured the Federal Legislature that the application and administration of policy passed under this clause would be the sole concern of the States.<sup>102</sup> Furthermore State Governments would find that these arrangements would not operate to their detriment.<sup>103</sup> Centre-State controversy over the constitutional interpretation of Article 76 could emerge if this clause was used to justify Central legislation on any topic.

Tun Abdul Razak, the Deputy Chief Minister, admitted that Article 76 was an exception to the Reid Commission's general rule that legislative and executive powers should go together. He argued that although land was a State subject, this article would provide Parliament with the power to legislate for the purpose of uniformity and that

"We have in mind, as explained in the Reid Constitutional proposals, the formulation of a National Land Code for the whole country at some future date." <sup>104</sup>

This Article, especially its section 4, contained a threat to the federal principle. It could provide the basis for an uncheckable central legislative interference since consent of the State or States was not required.<sup>105</sup> If the Central Government insisted on exercising this power to the fullest, the States would be powerless and the federal principle would then disintegrate.

Central Government power was further enhanced by Article 92. This Article concerned Central Government's power to acquire State land for national development and

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102. Federation of Malaya, op. cit., col. 2854.

103. ibid.

104. ibid., col. 2978. The National Land Code Bill was introduced in Parliament in August 1965. The then Minister of Lands and Mines, Abdul Rahman Yakub, stated that this Bill "is presented with the unanimous support of the Governments of the States," and it has been fully discussed and debated in the National Land Council. See Federation of Malaysia, Malaysia Parliamentary Debates (Dewan Raayat), Vol. 11, No. 8, 9.8.65, col. 1581.

105. However, where a law, passed under these Articles, provides for the conferment of executive authority upon the Federation, it cannot operate in any State unless approved by the legislature of the State.

national interest projects. The Reid Commission had recommended that the Central Government should have the power, subject to certain limitations, to pass any legislation required to carry into effect any development and conservation scheme declared in such legislation to be in the national interest. The British White Paper noted that

"This important recommendation has been welcomed by both the Federal and the State Governments." 106

However, it warned that

"it would be neither practicable nor desirable for the Federal Government to use this power for the purpose of formulating and implementing national policies covering all aspects of the use of land; and it was clearly not the intention of the Commission that the power should be used in this way." 107

Abdul Aziz Ishak, a Central Minister, gave an assurance that in the implementation of national development schemes this Article

"the closest personal and direct liaison and understanding of the point of view of State Governments and officials is now and will continue to be maintained." 108

Most damaging of all, Article 150 provided, after a declaration of emergency, the Central Parliament with

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106. Colonial Office, op.cit., p. 12.

107. ibid. The Rulers would not have signed the Agreement establishing the Independent Federation of Malaya if land had not been placed within the State List. Only for the national interest were they willing to cede States' exclusive control over land. Interview with Mohd. Khir Johari.

108. Federation of Malaya, op.cit., col. 2924. Article 92 could provide the impetus for a centripetal tendency. The continuance of this tendency would, however, inter alia, depend upon the success of the Central Government in tackling the vital problems like economic expansion and rural development. On this Sheridan wrote: "Success in these spheres will ensure a concentration of political power throughout the Federation, in both the federal and state legislatures; whereas failures will mean a dispersal of that power, with all the weaknesses and changes inherent in a dispersal among the small political and economic units constituting the Federation." Sheridan, L.A., ed., Malaya and Singapore, The Borneo Territories: The development of their laws and constitutions, London, Stevens and Sons, 1961, p. 102.

wide powers to make laws on almost all State matters. Furthermore, through several constitutional provisions the Central Government could exercise some control over the States. For example, Articles 94 and 95E(4) required that the agricultural and forestry officers of the States accept the professional advice of the Central Government in respect of their duties.

The financial provisions of the Constitution further enhanced Central Government power.<sup>109</sup> The Central Government controlled the major sources of revenue through being the main taxing authority.<sup>110</sup> Tunku Abdul Rahman justified this provision in terms of the need to equalise the levels of wealth among the States. He argued that if States were to be given important taxing powers wealthy States could become even more wealthy while poor States could become even more poorer. He believed that only the Central Government, with such powers, could accomplish this equalisation of wealth among the States.<sup>111</sup> The States, except for revenue from land and forests, had no significant sources of revenue. Furthermore, the Central Government controlled the borrowing powers of the States.<sup>112</sup> States would have to depend on Central Government allocations and grants to cover the deficits in expenditure.<sup>113</sup> States, in the main, would thus be financially dependent on the Central Government.

Tunku Abdul Rahman claimed that he was aware of the need to achieve a level of financial independence for States. He pointed out that the Constitutional Working Committee, when examining the Reid Commission's recommendations on Centre-State finance, felt that the Constitution itself should include provisions safeguarding the financial positions of the States and that

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109. See Part IV of the Constitution.

110. Article 96 of the Constitution.

111. Federation of Malaya, op.cit., cols. 2854-2857.

112. Article 111 of the Constitution.

113. Article 109(3), (5) and (6) of the Constitution.

"Such safeguards will be particularly important in years to come because we must expect that sooner or later the Government of a State will be formed by a political party which is in opposition to the party in power in the Federal Parliament." 114

However, the safeguarding of States' financial position was to be achieved not by the granting of wide taxing and borrowing powers but by continuing the practice whereby the Centre would make large grants to the States and by writing

"into the Constitution that the State Governments will be entitled as of right to receive certain grants and other sources of revenue." 115

He viewed the NFC as "a most useful forum of debate" within which Centre-State financial relations could be discussed.<sup>116</sup> He was nevertheless confident that under the new proposals the States would achieve "complete financial autonomy".<sup>117</sup>

Centre-State co-operation was ensured in several ways. For example, Article 81 provided that the executive authority of every State should be so exercised so (a) as to ensure compliance with any Federal law applying to that State, and (b) as not to impede or prejudice the exercise of executive authority. The onus for co-operation, it seemed, had been placed on the States. As such, the provision ensuring co-operation may be viewed by the States as not being much different from Central control. State powers over land and local government were somewhat reduced by the establishment of the National Land Council (NLC) and the National Council for Local Government (NCLG). Both the Centre and the States were represented in these bodies and the policy decisions of the NLC and NCLG concerning land and local government respectively were binding on both the Central and State

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114. Federation of Malaya , op.cit., col. 2854.

115. ibid.

116. ibid., col. 2858.

117. ibid.



Governments.<sup>118</sup> There was thus joint Centre-State responsibility for land and local government. In view of the composition<sup>119</sup> of the NLC and NCLG, however, the Central Government needed only the concurring votes of two States in the NLC, and the concurring vote of one State in the NCLG, to effect a policy on land and local government respectively which would bind all State Governments.

States were not given a direct role in the amendment process, except that any amendment to alter the boundaries of any State required the consent of that State, expressed in a law passed in the State's legislature.<sup>120</sup> The Federal

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118. Articles 91 and 95A. The NCLG was established by clause 12 of the Constitution (Amendment) Bill, 1960. Tun Razak justified its establishment for the sake of uniformity and co-ordination of local government affairs. He pointed out that as a result of discussion with the Mentri Besars and Chief Ministers of the States on this matter, "it has been agreed with the State Governments that there should be established a National Council for Local Government on the same lines as the National Land Council. It is hoped that with the establishment of this NCLG there will be continuous consultation between Federal and State Governments on matters of policy and legislation affecting local government." See Federation of Malaya, Malayan Parliamentary Debates (Dewan Raayat), Vol. 11, No. 3, 22-4-1960, col. 307.
119. The NLC comprised a Central Minister as Chairman (without the casting vote), one representative from each State appointed by the Ruler or Governor of the State, and a maximum of ten representatives appointed by the Central Government. The NCLG comprised similar representatives with the exception that the Chairman had the casting vote. The proportion of Centre to State representatives in both bodies was eleven to eleven. The NLC and NCLG together with the NFC were (as they remain) the formal Centre-State bodies within which Centre-state issues could be tackled and co-operative federalism could take root.
120. Article 2(b). R.H. Hickling suggested that some clauses which concern Centre-State relations, such as Articles 71 (3), 74, 76 (4), and 80, should be capable of amendment only with the approval of the States. See his "The First Five Years of the Federation of Malaya Constitution", Malaya Law Review, Vol. 4, No. 2, p. 202.

Parliament was the only body, in general, concerned with the amending process. The only strict constitutional safeguard for the States was provided by Article 159 which required that any major constitutional amendment should be passed by a two-thirds majority of the full membership of both Houses of Parliament.<sup>121</sup> It was in the composition of the Senate that States could at least hope to be able to block any amendment prejudicial to their interests. The Reid Commission had envisaged the Senate, with twenty-two State elected and eleven Central appointed Senators, as the body most able to defend States' interests during the amendment process. The 1957 Constitution, however, increased the number of Central appointed Senators to sixteen while the number of State elected Senators remained at twenty-two. If the Commission's recommendation had been accepted then there would be some semblance of a restraining safeguard against constitutional amendments should the State elected Senators decide to 'block' any such amendment. Constitutionally, the federal system was left unprotected since the Central Parliament could unilaterally amend the Constitution as long as the required Central majorities approved.

The 1957 Constitution established a Federation with a clearly strong Centre and Central bias. The functioning federal system would, however, largely depend on Centre-State harmony and co-operation, especially on finance, land and local government. The failure of the NFC, NLC and NCLG to achieve substantial agreement between the States and the Centre could aggravate controversies on such issues because of the competing and overlapping delineation of Centre-State responsibilities. In such controversies the self-restraint of the Central Parliament is important for the maintenance of the federal system.

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121. Article 159 was amended in 1962 and this, as will be seen in chapter 2, significantly affected the federal concept.

## Chapter 2

### The Constitution and Malaysian Federalism: Amendments and Interpretations.

Conflicts over the interpretation of constitutional provisions regarding federalism and Centre-State powers have been frequent. Such conflicts emerged especially during debates concerning certain amendments to the Constitution and the Centre's use of Emergency provisions. On two occasions such conflicts necessitated the adjudication of the Courts.

#### Amendments to the Constitution.

In only nineteen years of Independence the Constitution was amended no less than seventeen times.<sup>1</sup> The Constitution embodied the formal elements of the 'federal bargain'. Constitutional amendments of Centre-State provisions concerned, essentially, the process of unmaking and remaking a formerly agreed federal relationship. The amendment process has been crucially affected by changes in the composition of the Senate. The provisions for amendment were also exceeding liberal.

At Malayan Independence in 1957 the proportion of State-elected to Centre-appointed Senators was twenty-two to sixteen. With the formation of Malaysia in 1963, the proportion was twenty-eight to twenty-two. In 1964 the Constitution was amended<sup>2</sup> to provide for Centre-appointed Senators to be in the majority for the first time. The proportion now was twenty-eight to thirty-two. Dr. Ismail argued that the increase of Centre-appointed Senators was

"desirable in order to get wider representations in the Senate consequent on the formation of Malaysia. This will enable His Majesty to appoint more persons of wider experience and ability to take an active part in the government of this country." 3

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1. Tun Mohamad Suffian Bin Hashim, An Introduction to the Constitution of Malaysia, Kuala Lumpur, Government Printer, 1976, p. 34.
  2. Act 19/64, section 6. See Federation of Malaysia, Acts of Parliament, 1964, Kuala Lumpur, Government Press, 1964, p. 88.
  3. Federation of Malaysia, Malaysian Parliamentary Debates, Dewan Raayat, Vol. 1, No. 8, 9.7.64, cols. 1109-1110.

With Singapore's separation from Malaysia on August 9, 1965, the number of State-elected Senators was reduced to twenty-six but the number of Centre-appointed Senators was not similarly reduced. These changes seemed to deny the safeguard envisaged by the Reid Commission, and they essentially went against the spirit of the Commission's recommendations that

"We think that there should be a substantial majority of elected members even though the powers of the Senate are to be considerably less than the powers of the House of Representatives; and we recommend that Parliament should have power to reduce the number of nominated members or abolish them if a time should come when that is thought desirable." 4

The above changes would make it difficult for the Senate to be the repository of States' rights and for State-elected Senators to 'block' any amendment.

The Constitutional Amendment Act of 1962: No. 14/62: This Act amended, inter alia, the amendment procedure of article 159(4) by inserting paragraph (bb) to it. Through this amendment, only a simple majority, instead of the two-thirds majority, in both Houses of Parliament was now required for the passing of

"an amendment made for or in connection with the admission of any State to the Federation or its association with the States thereof, or any modification made as to the application of the Constitution to a State previously so admitted or associated." 5

The scope of the 'modification', however, was not clear.

On the one hand, if the amendment had dealt only with the admission of new States, it might have been seen simply as a device by the party currently in power to guarantee its control over the admission of new States should it lose the two-thirds majority in both Houses which it commanded to secure this amendment. On the other hand, that Parliament, by a simple majority, should be given the power to effect "any modification made as to the

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4. Reid Report, p. 23.

5. Clause 24 of Constitution (Amendment) Act, 1962. See Federation of Malaysia, Acts of Parliament, Kuala Lumpur, Government Press, 1963, p. 206.

application of the Constitution to a State previously so admitted or associated" appeared to have removed the possibility of the Constitution serving to protect the federal concept. With regard to the States of Malaya, this opened the door to all manner of modifications without the (tedious) necessity of obtaining the two-thirds majority of the total members in each House.<sup>6</sup> The Malayan States' lack of power in the amending process was highlighted in the case, examined later, of *The Government of Kelantan v. The Government of Malaya and Tunku Abdul Rahman Al-haj*.<sup>7</sup>

The 1962 amendment had retrospective application from Independence Day, August 31, 1957. This choice for the effective date of the applicability of the amendment, as Groves argued, could only be for the purpose of making it applicable to the existing States.<sup>8</sup> No State, however, had been "previously so admitted" to the Federation, because the Federation of Malaya Independence Act, 1957, which established the Federation was clearly a compact between Great Britain and the Rulers of the Malay States. This compact created a new entity, the Federation of Malaya. Before this there was no entity to which a State was admitted and upon the formation of the Federation not one of the original States could be spoken of as being previously "associated" with the Federation. States were "associated" only with one another and with Great Britain to form the

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6. Watts claimed that the Central Government considered it prudent to consult State Assemblies and party organization before the passage of the 1962 amendment Bill. See Watts, R.L., New Federations: Experiments in the Commonwealth, Oxford, Oxford University Press, 1966, p. 323.

7. Malaya Law Journal, 1963, p. 355. Watts argued, citing the 1962 amendment as an example, that because of conventions and the pressures of political forces, it had become customary for the Central Government to consult the State governments before the introduction of important constitutional amendments, even in those instances where the States possessed no formal powers of ratification. See Watts, R.L., op.cit., pp. 300-302.

8. Groves, H.E., "Constitutional (Amendment) Act, 1962", Malaya Law Review, Vol. 4, no. 2, 1962, p. 329.

Federation. As Groves argued, this amendment made it "possible for a simple majority in the House of Representatives to vary at any time, as a purely unilateral action, any agreement which any State now joining the Federation may make with the Government of the Federation of Malaya as to its admission and association." 9

Later Sheridan and Groves argued somewhat differently. Since all the States of the Federation had at any time been "previously so admitted" all amendments to the application in any respect of the Constitution to any State (except for what article 161E entrenched for the Borneo States) seemed to be outside the requirement of a two-thirds majority.<sup>10</sup> However, no Court has yet had to consider what an application of the Constitution "to a State" means.

The 1963 Constitutional Amendment: The Malaysia Act, No. 26/63,<sup>11</sup> The Constitution clearly provided that the Federal Parliament may by law admit other States to the Federation.<sup>12</sup> However, this could be done only by an amendment to the Constitution in view of article 1 which enumerated the States comprising the Federation. The Malaysia Act, apart from providing for other amendments, provided this necessary amendment.

By virtue of this Act three new States - Singapore, Sarawak, and North Borneo (Sabah) - were admitted into the Federation. The Act made several amendments to the Federal Constitution to reflect the terms of agreement between the Federation Government, the British Government, and each of the three new States.<sup>13</sup> These amendments converted the Federation of Malaya Constitution into the Federation of Malaysia Constitution. They also emphasised the different

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9. ibid.

10. Sheridan, L.A., and Groves, H.E., The Constitution of Malaysia, New York, Oceana Publication, 1967, p. 15.

11. See Federation of Malaysia, Acts of Parliament, 1963, Kuala Lumpur, Government Press, 1963, pp. 243-326.

12. Article 2(a) of the Constitution.

13. For terms of the Agreement, see Office of Commonwealth Relations, Malaysia: Agreement concluded between the United Kingdom of Great Britain and Northern Ireland, the Federation of Malaya, North Borneo, Sarawak and Singapore, Cmd. 2094, London, July, 1963. See also Federation of Malaya, Report of the Inter-Governmental Committee 1962, Kuala Lumpur, Government Press, 1963.

constitutional status and power enjoyed by the new States.<sup>14</sup> The new States were, thus, admitted on terms substantially at variance with those applicable to the original eleven States. Also, with regard to amendments, some constitutional limitations were introduced by the 1963 Malaysia Act in respect of the Borneo States. Article 161E provided safeguards for the constitutional position of Borneo States.<sup>15</sup> These safeguards meant that any modification made to the application of the Constitution to a Borneo State required a two-thirds vote in both Houses of Parliament. This requirement could be waived only if the modification was such as to equate or assimilate the position of that State under the Constitution to the position of the States of Malaya.<sup>16</sup> The Borneo States, thus, had secured for themselves some safeguards against amendments adverse to their special interests or incompatible with the basic objectives for which they entered the Federation. As Jayakumar stated,

"in respect to the other eleven States, and in respect of the Borneo States in matters outside article 161E, Parliament has tremendous amending powers in the exercise of which the States do not have the slightest say." 17

The debate over the Malaysia Bill in the Dewan Raayat (House of Representatives) provided the opportunity for re-examining the constitutional status of States in relation to one another and to the Central Government. An Opposition

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14. See Item 3, Part IV and First Schedule of the Malaysia Act, 1963.

15. Article 161E provided that with regard to the application of the Constitution to the Borneo States an amendment of the Constitution would still require a two-thirds majority in both Houses of Parliament and in a number of specified cases would require the concurrence of the Governor of the Borneo States or each of the Borneo States concerned.

16. Article 161E(1) of the Constitution.

17. Jayakumar, S., "Constitutional Limitations on Legislative Powers in Malaysia", Malaya Law Review, Vol. 5, No. 11, 17-8-63, July, 1967, p. 110.

Member of Parliament (MP), V.Veerapan, argued that

"This Bill ... really mutilates our Constitution and kills the Federation of Malaya ... the Federal Government should not only have discussed this matter here but it should also have consulted the States." 18

He pointed out that the Federation of Malaya Agreement, 1957, establishing the Federation, was a compact between the Queen of Great Britain and the Rulers of the Malay States. This compact took effect only after it had been approved by the former Federal Legislative Council and by an Enactment in each of the eleven States. Equally, the same legal procedure should also be followed before the establishment of the Federation of Malaysia. Thus,

"the States not only have a moral right to be consulted but also the States may have a legal right ... If the Federation Government runs rough-shod over this moral obligation, then I should say that it is a breach of faith on the part of the Central Government. I hope the States would wake up, because if they do not the present amendment and those amendments that have taken place - like, I think, Article 159(4)(bb) - would further erode away the rights of the States ..." 19

A similar opposition was expressed by Wan Mustapha Haji Ali, a PAS Opposition MP. He reiterated that

"... the individual States in the Federation of Malaya have not been consulted, and neither were the Rulers or Sultans of the States, though the Bill would change the whole constitutional set-up of this country." 20

He argued further, referring to the Reid Report<sup>21</sup>, that even if the Constitution did not provide for consultation in this matter, convention required that any major change of policy (like this Malaysia Bill) must be based on prior consultation with States.<sup>22</sup> Consultation with the Rulers

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18. Federation of Malaya, Malayan Parliamentary Debates (MPD), Dewan Raayat, Vol. 5, No. 11, 17-8-63, cols. 1155-1156.

19. ibid., cols. 1156-1157. Article 159(4)(bb) referred to the 1962 amendment discussed earlier.

20. ibid., cols. 1164-1165.

21. Reid Report, pp. 14-15, noted that convention required consultation between the Central and State governments before any major change of policy.

22. MPD, op.cit., col. 1167.



was also necessary, he stated, because the Malaysia Bill provided no provision which would safeguard the constitutional position of the States of Malaya. As an example, he pointed out that

"under clause 69 Singapore before joining Malaysia has safeguarded her constitutional position, whereas the Malay States have none at all through the constitutional documents of the States, and there is nothing stated here in the Bill for those States as prescribed for Singapore." 23

To these criticisms, Dr. Ismail, the Minister for Home Affairs, maintained that

"if it is intended that the States should be consulted when the question of admission of new States arises, then it would have been written in the Constitution." 24

However, the Constitution required that the Conference of Rulers should be consulted and this, according to Tun Razak, the Deputy Prime Minister, had been fulfilled. He informed the House that

"The Conference of Rulers had been consulted on more than five occasions on the question of Malaysia." 25

He argued that the present case was different from the constitutional reform years of 1948 and 1957 when consultation with the individual Rulers and States occurred. Furthermore, he rightly emphasised, the Constitution, which had been agreed to previously by all the States, provided the Central Parliament with the power under article 2 to admit new States. It did not, however, provide for any consultation provision with regard to the exercise of this article.<sup>26</sup>

The admission of three new States with substantially more "States' rights" also led to criticisms since it violated the principle of equality of rights and status of States in relation to one another and to the Central Government. Tan Phock Kin, an Opposition MP, warned that this violation would lead to the destruction of the new

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23. ibid., col. 1169.

24. ibid., Vol. 5, No. 13, 20-8-63, col. 1351.

25. ibid., Vol. 5, No. 12, 19-8-63, col. 1316.

26. ibid., Vol. 5, No. 13, col. 1355.

Federation because inequality would breed dissatisfaction among the States.<sup>27</sup> The Bill, as Lim Kean Siew, another Opposition MP, asserted, entrenched the principle of inequality between the States of Malaysia - the original eleven States on one side and the three new States on the other.<sup>28</sup> The principle of equality was first contained in the Federation of Malaya Agreement of 1948, and this Bill, according to Veerapan, was based on an opposite principle. Although the Constitution provided that any other State can be admitted, Veerapan asked ,

"Do you think honestly that the founders would want other people to come in with better rights, with better privileges, than themselves?" 29

Zulkifli Muhammed, another PAS Opposition MP, claimed that the admission of the three new States with different rights and status than those enjoyed by the States in the Federation of Malaya was unconstitutional.<sup>30</sup>

Collectively, opponents agreed that the Bill would weaken the Central Government and would eventually lead to disaster. They concluded that the Bill contained the seeds of disunity within and the destruction of the Federation.

Dr. Ismail admitted that the special rights and status given to the new States were concessions for enticing these States to federate. Without these concessions it would not have been possible to establish the Federation. He informed the House that

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27. ibid., Vol. 5, No. 6, 12-8-63, col. 717.

28. ibid., Vol. 5, No. 10, 16-8-63, cols. 1058-1071.

29. ibid., Vol. 5, No. 11, 17-8-63, col. 1157.

30. ibid., Vol. 5, No. 12, col. 1248. He also criticised the fact that the new States, unlike the original eleven States, were not governed by the powers given to the National Land Council (NLC) and the National Council for Local Government (NCLG). See ibid., col. 1269.

"In the case of Singapore, ... she is given autonomy in education and labour and a certain degree of autonomy consistent with the concept of a strong central government. Singapore would like its own citizenship in addition to the Malaysian citizenship with the safeguard that Singapore citizens should have corresponding rights with those of the Malayan citizens who are not Singapore citizens. In the case of the territories of Sarawak and North Borneo, they are to be federated on the same lines as other States in the existing Federation with certain safeguards. It is in the light of these two different ways in which Singapore and the Borneo territories have agreed to be federated with the Federation of Malaya that the provisions of this Bill have to be reviewed." 31

Additional financial guarantees for the new States also constituted part of the price of Federation. Thus, Centre-State financial relations for the new States were different from those for the original eleven States. According to Tan Siew Sin, the Finance Minister, these financial provisions were necessary so as to overcome the financial and economic backwardness of the new States, particularly Sarawak and Sabah.<sup>32</sup> But who, Tan Phock Kin asked, was going to bear the burden of financing development in Sarawak and Sabah.<sup>33</sup>

Singapore, however, was 'rewarded' for being financially and economically more developed than the original eleven States and the other two new States. It was jealous of its wealth and fearful of the possibility that this 'New York' would become the future paymaster of the new Federation. The tenacity with which Singapore defended its financial interests could be seen in the fact that Centre-Singapore financial arrangements were to be negotiated on a yearly basis.<sup>34</sup> These arrangements were thus subject to bargaining and, possibly, change annually unlike those governing Centre-State financial relations for the other States which had been spelled out, even to the last dollar, in the Constitution.

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31. *ibid.*, cols. 1284-1285.

32. *ibid.*, col. 1301.

33. *ibid.*, Vol. 5, No. 13, col. 1451.

34. Article 112E of the Constitution.

Despite specific constitutional safeguards available to the new States, opponents of the Bill warned of the danger of clause 39 of the Bill. Clause 39(1) and (2) amended Article 150 of the Constitution<sup>35</sup> by deleting the words "whether by war or external aggression or by internal disturbance" and adding "in any part of the Federation". Thus, it would be possible, Veerapan concluded, for a state of emergency to be proclaimed irrespective of whether there was war, external aggression or internal disturbance in any part of the Federation.<sup>36</sup> He warned that the Central Government, through the proclamation of a state of emergency, would have the powers over the States, the constitutional safeguards enjoyed by new States notwithstanding. The proclamation of a state of emergency, he warned ,

"could be in Sarawak, it could be in Borneo, it could be in Singapore, it could be in Johore or Kelantan - and what happens?" 37

He chided the new States for their lack of foresight and remarked that,

"I hope that the people who were so eager, so careful, so clever, much cleverer and more careful than the people of the eleven States of Malaya, would also consider the implication of this little amendment." 38

In support, Lim Kean Siew remarked that clause 39(1) and (2) would destroy all the rights reserved, or any rights reserved for the various States under this constitutional arrangement.<sup>39</sup> Furthermore, as stated by Wan Mustapha Haji Ali, this amendment would alter drastically the original position as provided in the present Constitution.<sup>40</sup> To these criticisms, the Central Government was, characteristically, silent. As it turned out and as examined later, such powers were used to proclaim a state of emergency in Sarawak and Kelantan in 1966 and 1977 respectively.

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35. This Article governed the use of emergency powers.

36. MPD, Vol. 5, No. 11, col. 1158.

37. ibid., cols. 1158-59.

38. ibid.

39. ibid., Vol. 5, No. 13, col. 1416.

40. ibid., col. 1422.

The Malaysia Bill, as the critics saw it, was an attempt by the Central Government to change the Malayan federal structure. The admission of three new States with substantially more power over "States' rights" and enjoying certain constitutional safeguards placed the original eleven States in an inferior constitutional position compared to that of the three new States. This violated the principle of equality of States in terms of their relations to one another and to the Central Government, the principle advocated by the Reid Commission and subsequently provided for by the 1957 Constitution.

In criticising Tun Razak's assertion that the Bill did not change the 'substance' of the present Constitution, Tan Phock Kin commented that

"He must realise that with the introduction of the new States, the position of the present States with regard to the new States are entirely different, though their position among themselves are somewhat the same." <sup>41</sup>

Critics of the Bill asserted that such a change in the federal structure should necessarily be based on prior consultation with the original eleven States of the Federation. Did the Central Parliament have the power to unmake and remake, through the Malaysia Act, the present federal arrangement? This the Court would have to decide.

The 1965 Constitutional Amendment: The Government of Malaysia (Amendment) Act, 1965, No. 31/1965<sup>42</sup>: This was an amendment to Article 95C(1) of the Constitution. By virtue of this amendment the Yang Di-Pertuan Agong (the Supreme Monarch) may by order authorise the Legislatures of the States to make and execute laws in respect of any matter in the Federal List. This power, then restricted to the Borneo States, was to be applicable to all the States of the Federation. This amendment was designed, according to Dr. Ismail, to

"smoothen the administration as between the Centre and the States." <sup>43</sup>

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41. ibid., col. 1342.

42. See Federation of Malaysia, Acts of Parliament, 1965, Kuala Lumpur, Government Press, 1965.

43. Federation of Malaysia, Malaysian Parliamentary Debates (MPD), Dewan Raayat, Vol. 11, No. 5, 3.6.65, col. 1058.

Dr. Tan Chee Koon, an Opposition MP, commented that this amendment represented a considerable erosion of the powers of the State Governments. State Governments, he continued, should have been consulted and their approval obtained prior to the Bill's introduction to Parliament.<sup>44</sup> The Central Government now had the opportunity to use the 'imperial edict', as it was labelled, to force recalcitrant States into line under the guise of being, as Dr. Ismail justified it,

"mainly designed to smoothen the functioning of the machinery of government both in the States and in the Centre." <sup>45</sup>

It seemed that the Bill had been directed at PAS-controlled Kelantan which had since 1959 vigorously pursued "its own way". Kelantan was often involved in a political tug-of-war with the Centre.<sup>46</sup> Kelantan became, indeed, the visible defender of 'State rights'. Lim Chong Eu, an Opposition MP, while referring to Kelantan's opposition to the Bill, remarked that

"They naturally feel it very much, because they, as a State, have understood the constant struggles between State and Federal powers." <sup>47</sup>

He further argued that a "Federation of States" must involve the acceptance of the concept of State powers. It necessarily followed that there must always be this constant struggle between State and Central powers. Dr. Ismail insisted, however, that,

"it has never been the intention of the Central Government to take the powers from the States as enshrined in the Constitution ... [and that of] all the amendments ... in this Bill, some had been done at the request of the States and some after consultation with the States." <sup>48</sup>

Nevertheless, the amendments represented, especially to Kelantan, a further encroachment of State powers.

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<sup>44</sup>. ibid., cols.1038-39.

<sup>45</sup>. ibid., col. 1058.

<sup>46</sup>. Kelantan-Centre conflict over the rural development plan was an example. This is examined in Chapter 11.

<sup>47</sup>. MPD, Vol. 11, No. 5, col. 1045.

<sup>48</sup>. ibid., col. 1058.

The Constitution and Malaysia (Singapore Amendment) Act, 1965, No. 53 / 1965<sup>49</sup>: The Constitution did not provide for secession. Groves believed, however, that Sabah, Sarawak and Singapore or any other new States that might subsequently be admitted, could be dissociated from the Federation by an Act of Parliament repealing the constitutional amendments by which they were admitted.<sup>50</sup>

This Act was preceded by the Singapore Separation Agreement, 1965, entered into by the Central Government. Lim Chong Eu rightly pointed out that

"neither the State Government of Singapore, nor indeed the Central Government, under the Constitution, which has not yet been amended, has the right to provide for the severance of a State from Malaysia." 51

Ong Kee Hui, a Sarawak MP, was particularly apprehensive about the future of Sarawak.<sup>52</sup> He asked whether, if at some future date the Governments of the Borneo States were to be less amenable to Alliance direction, the same reason would then be advanced for further partition of Malaysia? He warned that this would be the beginning of the disintegration of Malaysia.<sup>53</sup> Abu Bakar Hamzah, a Kelantan PAS Opposition MP, feared that the Central Government would on the same basis take similar action with regard to Kelantan. Without being specific, he warned of the consequences of Singapore's separation on the operation on the Malaysian Federation.<sup>54</sup>

Despite the questionable constitutional basis for separation, the amendment was passed in each House without any opposing vote. This case suggested that separation or secession must be effected through Centre-State arrangement rather than by unilateral action.

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49. See Federation of Malaysia, Acts of Parliament, 1965, pp. 277-279.

50. Groves, H.E., The Constitution of Malaysia, Singapore, Malayan Pub., p. 152.

51. MPD, vol. 111, No. 8, 9-8-1965, col. 1508.

52. ibid., col. 1508.

53. ibid., col. 1509.

54. ibid., col. 1511.

The Constitution (Amendment) Act, 1971, No. A30/1971:

This Act provided the basis for the return of party politics and parliamentary rule after a period of Emergency rule through the National Operations Council (NOC) which was imposed in May 1969. Major amendments were made to the Constitution.<sup>55</sup> Three amendments especially affected the federal aspects of the Constitution. First, Articles 63 and 72 were amended and thus depriving MPs and Members of States' Legislative Assemblies of the protection they previously enjoyed under these Articles if they were charged with an offence under any law passed by virtue of the amended Article 10.<sup>56</sup> Second, the amended Article 10, inter alia, provided Parliament with the power to pass laws prohibiting the questioning of any matter, right, status, position, privilege, sovereignty or prerogative established or protected by Article 181 concerning the sovereignty of the States' Rulers.<sup>57</sup> But before Parliament passed such a law the Sedition Act would apply and this made such questioning a "seditious tendency".<sup>58</sup> Finally, changes were made to Article 159(5) which was thereby entrenched; it now cannot be amended without the consent of the Conference of Rulers.<sup>59</sup>

Intentionally or not, perhaps ironically for UMNO, the impact of the constitutional restructuring was to reinforce the institution of States' Rulers by placing it beyond and above public debate. Further, they now, through the Conference of Rulers as a Central institution and with the entrenched veto, had become crucially relevant to the amendment process. Ironically, States' Rulers emerged with enhanced powers and

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55. For a full discussion see Federation of Malaysia, Parliamentary Debates on the Constitution Amendment Bill 1971, Kuala Lumpur, Government Press, 1972. See also Milne, R.S. and Mauzy, K.D., Politics and Government in Malaysia, Vancouver, University of British Columbia Press, 1978, pp. 94-99.

56. See Article 10(4) of the Constitution. This was part of 1971 amendments.

57. See Articles 10(4) and 181 of the Constitution.

58. See Milne and Mauzy, op.cit., pp. 96-97.

59. See Article 159(5) of the Constitution.



the Centre would have to tread cautiously into the as yet uncharted waters of Centre-State Rulers' relations.

The Centre's use of Emergency Provisions.

The Emergency (Federal Constitution and Constitution of Sarawak) Act, 1966, No. 68 / 1966:<sup>60</sup> Following a leadership crisis in Sarawak, a state of emergency was declared in Sarawak on September 1966. This crisis, according to Means,<sup>61</sup> was largely precipitated by Central involvement in Sarawak's politics in which several political parties were jostling one another to arrive at certain political alliances. As a result, the then Chief Minister of Sarawak, Stephen Kalong Ningkan, lost the support of the majority of Council Negri (the State Legislative Assembly) members. The Governor, acting on representation from this majority group, requested the Chief Minister to resign since he no longer had the confidence of the majority in the Council. The Chief Minister refused and was subsequently "dismissed" by the Governor. Penghulu Tawi Sli was then appointed as Chief Minister.<sup>62</sup>

Stephen Kalong Ningkan challenged his dismissal in the High Court of Kuching; Chief Justice Harley declared the dismissal of the petitioner void on the ground, inter alia, that the private representation made to the Governor by Council members did not show a lack of confidence in the petitioner which could only be assessed by a formal vote in the legislature.<sup>63</sup> Penghulu Tawi Sli then requested the Speaker to convene the Council Negri so that a proper vote of no confidence might be taken against the petitioner. The Speaker refused and Sarawak politics became tense and serious. This was the background to the proclamation of a state of emergency in Sarawak.

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60. See Federation of Malaysia, Acts of Parliament, 1966, Kuala Lumpur, Government Press, 1966, pp. 545-547.

61. Means, G.P., Malaysian Politics, London, Hodder, and Stoughton, 2nd. edition, 1976, pp. 381-87.

62. ibid. Penghulu Tawi Sli was a Malaysian National Alliance Council appointee rather than of the Sarawak Alliance Council.

63. Stephen Kalong Ningkan v. Tun Abang Haji Openg and Tawi Sli, in Jayakumar, S., Constitutional Law Cases from Malaysia and Singapore, Singapore, Malayan Law Review Pte. Ltd., 1971, pp. 227-243.

The Emergency legislation provided for the amendment of both the Federal and Sarawak State Constitutions. The main aim of these amendments - especially sections 3, 4 and 5 of the Emergency legislation - was to make good the lack of powers on the part of the Governor on which Chief Justice Harley had based his judgement. As Tun Abdul Razak explained, the Emergency legislation was aimed at amending Sarawak's Constitution and providing the Governor with

"the powers to convene a meeting of the Council Negri in order that the question of confidence in the present Government of Sarawak may be put to test and also the power to dismiss the Chief Minister or the Government from office if that Government or that Chief Minister refuses to resign after he has received a vote of no confidence in the Council Negri." <sup>64</sup>

The most important sections of the Emergency legislation were sections 3, 4 and 5. Section 3 amended clauses (5) and (6) of article 150<sup>65</sup> by inserting after "this Constitution" the words "or in the Constitution of Sarawak" and after "Constitution" the words "or of the Constitution of the State of Sarawak" respectively. These were intended to give the Central Parliament power while a proclamation of Emergency was in force to amend the State Constitution of Sarawak without following the procedure laid down by article 41 of the State Constitution. This article provided that any amendment to the State Constitution must be by an ordinance enacted by the legislature of Sarawak and by no other means. Section 4 drastically enlarged the powers of

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64. MPD, Vol. 111, no. 12, 19-9-66, col. 2061.

65. See Article 150(5) and (6) of the Constitution. Clauses (5) and (6) referred only to inconsistencies with the Federal Constitution and not with the Constitution of a State. Perhaps prompted by this doubt, the Central Government, when enacting the Emergency legislation to modify certain provisions of the Sarawak Constitution, made the amendments to these clauses. These amendments were to lapse six months after the Proclamation of Emergency ceased to be in force. See Section 3(2), The Emergency (Federal Constitution and Constitution of Sarawak) Act, 1966, in Federation of Malaysia, op.cit., p. 546.

the Governor of Sarawak by providing that, notwithstanding anything in the State Constitution, the Governor might summon the Council Negri, suspend standing orders and issue directions binding on the Speaker. Section 5 provided that the Governor might, in his absolute discretion, dismiss the Chief Minister and the members of the Supreme Council if (a) at any meeting of the Council Negri a resolution of no confidence on the Government was passed by a majority of the members present voting, and (b) the Chief Minister after the passing of such a resolution failed to resign and to tender the resignation of members of the Supreme Council.

This legislation was not without its opponents. D.R. Seenivasagam, an Opposition MP, criticised it as unconstitutional and undemocratic and argued that this unlawful interference in Sarawak affairs would be the quickest way in which to break up Malaysia.<sup>66</sup> He remarked that the Federal Parliament's

"power to pass a Bill of this nature, to amend the Constitution of Sarawak, whether you have the power will be a matter which, I hope, will be tested and, I hope again, as the Prime Minister says, an independent judiciary will interpret whether the power is there or not." <sup>67</sup>

Tan Chee Koon, another Opposition MP, felt that the House of Representatives did not have the power to amend the Constitution of Sarawak and that this

"power rests solely with the State of Sarawak, with its Council Negri and with its Supreme Council." <sup>68</sup>

Stephen Yong Kuet Tze, a Sarawak MP, argued that this legislation violated one of the conditions - that of the inviolability of the State Constitution - precedent to Sarawak's entry into Malaysia.<sup>69</sup> He pointed out that

"The Honourable Minister for Sarawak Affairs knows this because during the Cobbold Commission, his people, or the majority of his people, strongly put forward that the Sarawak Constitution could not be interfered with or amended without the consent of the State." <sup>70</sup>

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66. MPD, Vol. 111, No. 12, 19-9-1966, col. 2081.

67. ibid.

68. ibid., col. 2097.

69. ibid., col. 2088.

70. ibid.

He warned that this legislation signalled the beginning of the end for the safeguards negotiated and granted to Sarawak.<sup>71</sup> To this Central interference, Edmund Langgu anak Saga, another Sarawak MP, poignantly asked,

"Why can't the Federal Government let our State Government and the people to settle our State differences without the stupid blundering interference from Kuala Lumpur?"<sup>72</sup>

The criticisms aside, the important question remained whether the Central Parliament, during an emergency, could amend the Constitution of a State. The Federal Court and, subsequently, the Privy Council were given the task of answering this question in a suit, examined later, brought by Stephen Kalong Ningkan against the Government of Malaysia. The Emergency Powers (Kelantan) Act 1977, No. 192 / 1977,<sup>73</sup> Following the political crisis in Kelantan<sup>74</sup> central rule was imposed through a Proclamation of Emergency. With this the Kelantan State Constitution, but not the prerogatives of the Sultan, was suspended. The powers of the Menteri Besar (MB), State Executive Council (Exco) and the State Legislative Assembly (SLA) were assumed by a Director of Government, appointed by and responsible to the PM.

Dato Hussein Onn, the PM, argued that the imposition of Central rule was both unavoidable and necessary because of the deteriorating security situation caused by public disorder, demonstrations and rioting.<sup>75</sup> He asserted that these resulted out of the debilitating and unresolved political crisis that started with the no-confidence vote against the MB in the SLA and thus

"Tidak dapat tidak, Kerajaan Pusat mesti campurtangan."<sup>76</sup>

[Translation:

"Unavoidably, the Central Government had to intervene." ]

He continued that the deteriorating security situation could be exploited by communists, extremists, anti-national

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71. ibid., col. 2092.

72. ibid., col. 2114.

73. See Laws of Malaysia, Act 192, Kuala Lumpur, Percetakan Kerajaan, 9th November, 1977, pp. 5-9.

74. Examined in a later chapter.

75. MPD, Vol. 111, No. 37, 8-11-77, col. 4120.

76. ibid.

and subversive elements and thus could endanger the security and stability of the nation as a whole.<sup>77</sup>

PAS President, Dato Asri, calling this Central intervention the "Emergency of Convenience", alleged that the deteriorating security situation was stage-managed and implied that this had the foreknowledge, even backing, of those at the State and Centre.<sup>78</sup> This allegation was supported by Lim Kit Siang, an Opposition MP, who also reminded the Central Government that parliamentary democracy and the system of Centre-State Government should not be sacrificed just for the sake of party political advantage.<sup>80</sup> Another PAS MP, Abu Bakar Umar, argued that the political crisis could and should be solved through political means rather than through the imposition of Central rule.<sup>81</sup> This was supported by Lee Lam Thye, another Opposition MP, who also warned that in future Central rule would be imposed in States where UMNO is not satisfied with the majority party or parties in the SLA or the security threat could be used to justify a proclamation of emergency.<sup>82</sup>

The governing party at the Centre was provided with the constitutional power and, through its control of the necessary central majority in Parliament, was able to impose Central rule onto a State through a declaration of emergency. The governing party at the Centre saw fit to resort to this vis-a-vis Kelantan and consequently another threshold in the Centre-State relations in Peninsula Malaysia was crossed.

#### Court Cases.

The Government of the State of Kelantan v. the Government of the Federation of Malaya and Tunku Abdul Rahman Putra Al-haj:<sup>83</sup> The PAS-controlled Government of Kelantan, on September 10, 1963, instituted an action in the High Court

77. ibid., cols. 4122-4123.

78. ibid., cols. 4132-4137.

79. ibid., cols. 4156 and 4164.

80. ibid., col. 4154.

81. ibid., col. 4215.

82. ibid., col. 4228.

83. See Jayakumar, S., op.cit., pp. 195-204.

seeking, inter alia, a declaration that the Malaysia Act was null and void or, alternatively, that it was not binding on Kelantan. The State argued that the Act would abolish the "Federation of Malaya" thereby violating the Federation of Malaya Agreement, 1957; that the proposed changes needed the consent of each of the constituent States, including Kelantan; that the Ruler of Kelantan should have been a party to the Malaysia Agreement; that constitutional convention called for consultation with Rulers of individual States if substantial changes were to be made to the Constitution; and that the Federal Parliament had no power to legislate for Kelantan in respect of any matter regarding which the State's legislature had competence. This last argument was perplexing. What, in the Act, could be considered as being within the competence of Kelantan's legislature?

On 11 September, 1963, the plaintiff government gave notice of a motion that pending the disposal of its suit, the Court should by order restrain the defendants from carrying into effect any of the provisions of the Act. During the hearing, it did not answer the above question. Surprisingly, the Kelantan Government had not even suggested that the Act was not passed strictly in accordance with constitutional provisions relating to Acts amending the Constitution. Undeniably, the Act established a Federation with many new alterations but the crucial question was not whether these alterations were desirable, but whether they were properly effected.

In a rather swift judgement, Chief Justice Thomson held that : 1) Parliament in enacting the Malaysia Act so as to amend inter alia Article 1(1) and (2) acted within the powers granted to article 159 of the Constitution. The Constitution which formed an integral part of the Federation of Malaya Agreement, 1957, to which Kelantan was a party, did not require consultation with any State as a condition to be fulfilled ; 2) the Malaysia Agreement was signed for the "Federation of Malaya" by the Prime Minister, the Deputy Prime Minister and four other members of the Cabinet. This was in compliance with Articles 39 and 80(1) of the Constitution and there was nothing whatsoever in the Constitution requiring consultation with any State Government or the Ruler of any State.

In his reasoning, Chief Justice Thomson admitted that the Act did bring about a new state of affairs. He continued,

"But if that state of affairs be brought about by means contained in the Constitution itself and which were contained in it at the time of the 1957 Agreement, of which it is an integral part, I cannot see how it can possibly be made out that there has been any breach of any foundation pact among the crucial parties. In bringing about these changes Parliament has done no more than exercise the powers which were given to it in 1957 by the constituent States including the State of Kelantan." 84

However, he introduced an interesting idea with his remark:

"I cannot see that Parliament went in any way beyond its powers or that it did anything so fundamentally revolutionary as to require fulfilment of a condition which the Constitution itself does not prescribe [such as consultation with the States]." 85

Thus, if the amendments, even if they complied with the Constitution, attempted to effect "so fundamentally revolutionary" a change then certain extra-constitutional conditions (like consent of or consultation with States) would also need to be fulfilled if the amendments were to be effective. Jayakumar suggested that Kelantan seemed to have had this in mind when it argued that there was a constitutional convention which called for consultation with States regarding substantial changes to be made to the Constitution.<sup>86</sup>

What, however, determined that a change was "so fundamentally revolutionary"? The Chief Justice did not provide any clue to this. However, the documents of federation (1957) clearly showed that the States had consented to the Constitution being an exclusive declaration of rights, liabilities and obligations of the States and the Federation. If the States wanted any fundamental limitations of federal power, they should have included them in the 1957 Constitution. This was clearly the intention of the three new States that joined the Federation to form the Federation of Malaysia.

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84. ibid. p. 203.

85. ibid. My emphasis.

86. Jayakumar, S., "Admission of New States", Malaya Law Review, Vol. 6, No. 1, July, 1964, p. 187, n. 31.

They agreed to federate only after certain terms and conditions were included in the Constitution. Furthermore, these new States had secured provisions in the Constitution restricting the Centre's power, with the exception of article 150, to amend the above terms and conditions by requiring the concurrence of the States to such amendments. The original eleven States cannot now say that there were other limitations (not in the Constitution) which ought to apply. The appeal and adherence to "other limitations" would undermine the very purpose of the Constitution. Jayakumar commented:

"If the States now, after seven years, feel that they have given the Centre too much power, it is their own misfortune and their proper course would be to seek amendments to, but not rely on mysterious limitations outside the Constitution." 87

The changes brought about by the Act were properly effected. Kelantan did not doubt the gravity of the changes effected by the Act but this in itself could not render the Act invalid. In this case it was asserting, as Hickling puts it,

"that a Constitution is more than mere words, and that custom and convention can often supply the spirit which the letter may lack." 88

Stephen Kalong Ningkan v. Government of Malaysia, 1968:<sup>89</sup>

Stephen Kalong Ningkan, in taking legal action against the Central Government in the Federal Court, submitted that (a) the Proclamation of Emergency was ultra vires and invalid, and that the Emergency(Federal Constitution and Constitution of Sarawak)Act,1966, which was founded on it, accordingly fell within it in its entirety ; (b) even if the Proclamation of Emergency was valid, sections 3, 4, and 5 of the Act purported to amend the Constitution of Sarawak in a manner which had been committed by article 41 of the Constitution of Sarawak to the legislature of Sarawak and was therefore beyond the powers of the Federal Parliament to enact.

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87. ibid.

88. Hickling, R.H., "An Overview of Constitutional Changes in Malaysia: 1957-1977", in Tun Mohamed Suffian, et.al. eds., The Constitution of Malaysia, Its Development: 1957-1977, Kuala Lumpur, Oxford University Press, 1978, p. 10.

89. Jayakumar, S., Constitutional Law Cases From Malaysia and Singapore, pp. 446-461.



The petitioner's first submission would depend on whether the Court could review the validity of a Proclamation of Emergency; was the Proclamation of Emergency justiciable? Article 150, clause (1), clearly provided that ,

"If the Yang di-Pertuan Agong is satisfied that a grave emergency exists whereby the security or economic life of the Federation or of any part thereof is threatened, he may issue a Proclamation of Emergency."

Barakbah, the Lord President, felt that, in a Proclamation of Emergency which had been issued according to the Constitution,

"it is incumbent on the Court to assume that the Government is acting in the best interest of the State and to permit no evidence to be adduced otherwise. In short, the circumstances which bring about a Proclamation of Emergency are non justiciable." 90

He further emphasised that

"the Yang di-Pertuan Agong is the sole judge and once His Majesty is satisfied that a state of emergency exists it is not for the Court to inquire as to whether or not he should have been satisfied." 91

Azmi, the Chief Justice, argued similarly.<sup>92</sup> The declaration of non-justiciability suggested that the qualifying words "whereby the security or economic life of the Federation or of any part thereof is threatened" could not be expected to provide the expected safeguard against abuse of the use of emergency power by the Central Government.

Ong Hock Thye, the Federal Judge, argued differently. He stated that the Yang di-Pertuan Agong, under Article 41 of the Federal Constitution, must always act on Cabinet advice. Similarly, it was on Cabinet advice that His Majesty proclaimed a state of emergency. The Cabinet never denied responsibility of its role in this. It was this Cabinet role, and not that of the Yang di-Pertuan Agong, he submitted, which the petitioner alleged as a case of fraud in that the proclamation was made, not to deal with a grave emergency whereby the security or economic life of Sarawak was threatened, but for the purpose of removing the

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90. ibid., p. 447.

91. ibid., p. 448.

92. ibid., p. 451.

petitioner from his lawful position as Chief Minister of Sarawak.<sup>93</sup> He reminded the Court that

"the inbuilt safeguards against indiscriminate or frivolous recourse to emergency legislation contained in article 150 specifically provide that the emergency must be one "whereby the security or economic life of the Federation or of any part thereof is threatened". If those words of limitation are not meaningless verbiage, they must be taken to mean exactly what they say, no more and no less, for article 150 does not confer on the Cabinet an untrammelled discretion to cause an emergency to be declared at their whim and fancy. According to the view of my learned brethren, however, it would seem that the Cabinet have carte blanche to do as they please - a strange role for the judiciary who are commonly supposed to be bulwarks of individual liberty and the Rule of Law and guardians of the Constitution." <sup>94</sup>

While asserting that acts of the executive, especially a Proclamation of Emergency, should be justiciable, he felt that in this case the petitioner had failed to make out a good case that the Proclamation of Emergency was invalid.<sup>95</sup>

To the question of justiciability the Privy Council <sup>96</sup> stated that

"the onus was on the appellant to prove the allegations on which his first submission depended."<sup>97</sup>

Their Lordships felt, however, that the appellant had failed to prove his allegations.

The petitioner's second submission referred to the question of whether, during an emergency, the Federal Parliament could amend the Constitution of a State. Barakbah, L.P., felt that clause (5) of article 150 authorised the Federal Parliament to make amendments to the Sarawak Constitution during an emergency.<sup>98</sup> Azmi, C.J., was of the same opinion, article

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93. ibid., p. 454.

94. ibid., p. 455.

95. ibid., p. 461.

96. On appeal to the Privy Council. See Stephen Kalang Ningkan v. Government of Malaysia, in ibid., pp. 435-446.

97. ibid., p. 441.

98. See The Malayan Law Journal, Singapore, Malayan Law Journal Ltd., 1968, p. 122.

41(1) of the Sarawak Constitution notwithstanding.<sup>99</sup>

Ong Hock Thye, F.J., argued that

"the overriding consideration of an emergency which justifies an amendment of the Federal Constitution itself must no less justify an amendment of the State Constitution, so far as may be strictly necessary." 100

In the Privy Council, their Lordships felt that the Sarawak Constitution, article 41(1) notwithstanding, could be amended by article 150(5) during an emergency.<sup>101</sup> They noted that the agreements and instruments relative to Sarawak's entry into Malaysia showed that

"the parties to that Agreement must have realised that the powers of the Federal Parliament conferred by that article, during the currency of a Proclamation of Emergency, might be used to amend, for the time being, the provisions of the Sarawak Constitution of 1963." 102

They also commented on the 'width' of clause (5) of article 150 which, subject to clause (6A), authorised the Federal Parliament to make laws "with respect to any matter" and observed that

"These words could scarcely be more comprehensive." 103 However, in view of the terms of article 41(1) of the Constitution of Sarawak, they felt that any amendment to Sarawak's Constitution during an emergency should only be temporary.<sup>104</sup>

This case suggested that the Central Government, armed with emergency powers, could significantly affect Centre-State relations. The non-justiciability of the declaration of emergency could indeed lead to abuses in the use of emergency powers by the Central Government.

#### Conclusion.

The Reid Commission and the Federation of Malaya Constitution provided for a Federation of eleven States which were made constitutionally equal in their relations to one another and to the Centre. However, by virtue of the

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99. Jayakumar, S., op.cit., pp. 452-453.

100. ibid., p. 461.

101. ibid., p. 444.

102. ibid., pp. 444-445.

103. ibid., p. 445.

104. ibid., p. 446.

"special concessions" granted to the three new States, the Federation of Malaysia Constitution created a Federation within which the three new States were made more equal than the original eleven States. What emerged was a two-tier federation system: the Federation of Malaya which federated the original eleven States and the Federation of Malaysia which federated the Federation of Malaya, as a unit, with the three new States. The conferring of "special concessions" violated the principle, emphasised by the Reid Commission and enshrined in the 1957 Constitution, that all the States under the Constitution should enjoy the same status and rights in their relations to one another and to the Centre.

A clearly strong Centre and Central bias had been recommended by the Reid Commission and provided for by the 1957 Constitution. The Central Government had, on several occasions, shown a liberal willingness, despite opposition, to use the powers, especially those within the amendment and emergency provisions, vested by the Constitution. These, together with the decisions by the Courts on the use of such powers, only served to emphasise the overwhelming legislative and, sometimes, executive dominance of the Central Government. In a situation where, constitutionally, the Central Government is dominant, the 'federalness' of the Malaysian nation will be significantly determined by the self-restraint (or the lack of it) of the Centre in the use of the vast powers, particularly amending powers, that it commands while conducting its affairs with the States.

### Chapter 3

#### Centre-State Financial Relations: Revenue, Expenditure, Fiscal Imbalances and Adjustments, and Co-ordination.

The integration of States in accordance with the 'federal principle' implies some degree of legislative and executive independence for the federating States and, as a necessary corollary, some degree of financial independence. The degree of financial independence attainable by the federating States depends on the arrangements that determine the pattern of Centre-State financial relations. This chapter and the next attempt to describe such arrangements in Peninsula Malaysia and also highlight some of the problems in such relations.<sup>1</sup>

#### The problem of Centre-State Financial Relations.

Centre-State financial relations are within the area of 'federal finance' which Bhargava defines as

"the finance of federal as well as the state governments, and the relationship between the two."<sup>2</sup>

Several principles of federal finance have been advanced: among others, the principles of financial responsibility, compensation, derivation, needs, and equalisation.<sup>3</sup> Briefly and simply, the principle of financial responsibility means that the responsibility for raising and spending money should rest with the same authority. The principle of compensation has two components: revenue-sacrifice (revenue lost) incurred by each State Government at the time of federation and

1. Articles 96-112 of the Constitution provide the framework for the working of Centre-State financial relations in Peninsula Malaysia. Sabah and Sarawak received additional constitutional rights in this area with the formation of the Federation of Malaysia..
2. Bhargava, R.N., The Theory and Working of Union Finance in India, Allahabad, Chaitanya Publishing House, 3rd ed., 1971, p. 86.
3. For a discussion of these, see Adarkar, B.P., The Principles and Problems of Federal Finance, London, P.S. King and Sons Ltd., 1933, chapters 3, 6 and 7; Bhargava, R.N., op.cit., especially chapters 5 and 7; Scott, A.D., "The Economic Goals of Federal Finance", Public Finance, Vol. 19, No. 3, 1964, pp. 241-288; Sastri, K.V.S., "Comment" (on "Intergovernmental Financial Relations") in Hicks, U.K., et. al., Federalism and Economic Growth in Underdeveloped Countries, London, George Allen and Unwin Ltd., 1961, pp. 132-133. For a discussion of these in the context of federal states, see, May, R.J., Federalism and Fiscal Adjustment, Oxford, Oxford University Press, 1969, chapters 4-5. See also Watts, R.L., New Federations: Experiments in the Commonwealth, Oxford, Oxford University Press, 1966, pp. 192-198; Holzhausen, W., Federal Finance in Malaysia, Kuala Lumpur, Penerbit University Malaya, 1974, pp. 66-69; Nigeria, Report of the Commission on Revenue Allocation, Lagos, Government Press, 1951, chapters 3-7 by J. R. Hicks.

disabilities subsequently suffered through the differential impact of Central policy. For both of these States would have to be compensated. The principle of derivation is close to compensation. It means that the Central Government should return to those States a proportion of the revenue raised from within them. The principle of financial needs means the actual level of financial need sufficient for a State to meet its responsibilities satisfactorily. The principle of equalisation has two aspects; the short term and the long term. For the short term it is similar to the principle of financial needs in that since States have different fiscal capacities they are thus not equally able to fulfill their responsibilities. The financial needs for each State are thus uneven and equalisation seeks to equalise the financial capacity of States so as to equally enable them to fulfill their similar responsibilities. For the long term, equalisation refers to the development strategy necessary to equalise the basic wealth of States in the Federation. These principles are especially important because, through influencing the shape of Centre-State relations, they directly influence the autonomy of States which the federal structure was intended to protect. Thus, in a Federation of States, the financial autonomy of States is necessary, in principle, if the legislative and executive autonomy envisaged for them are not to prove illusory.

In an age when the role of Government was narrowly conceived and 'dualistic' federalism was the norm<sup>4</sup>, perhaps logically and necessarily, the principle of financial responsibility was considered necessary for protecting the financial autonomy of States and the essence of federalism. Birch was one of the proponents of this view.<sup>5</sup> Intergovernmental financial transfers, when necessary, should be governed by this principle. Thus, Birch recommends that such transfers should be of the 'conditional' type, that is accompanied by conditions.<sup>6</sup> This apart, intergovernmental financial transfers violate both the principle of financial responsibility and the essence of federalism. The application of this principle would be a decentralised financial system.

The principle of financial responsibility has been heavily

4. See, for example, Birch, A.H., Federalism, Finance and Social Legislation in Canada, Australia and the United States. Oxford, Oxford University Press, 1955, pp. 304-305.
5. Birch, A.H., "Intergovernmental Financial Relations in New Federations", in Hicks, U.K., et. al., op.cit., p. 120.
6. ibid.

criticised. Sastri<sup>7</sup>, in a trenchant critique, argued that a strict application of this principle would mean, first, that there would be no adjustment to the financial imbalances of Governments in a Federation. However, in practice the experience of the older Federations - Canada, Australia and the United States of America - has indicated the heavy and increasing dependence of States on a system of Central financial transfers. Second, it would restrict the Central Government's ability to implement a National fiscal policy. He further argued that, because of inter-state differences in natural resources, endowments, economic development and fiscal capacity which might be made worse by the differential impact of Central Government policy,

"federal financial transfers have necessarily to be uneven as between the different regional governments."<sup>8</sup>

Sastri, thus, emphasizes both the inevitability and necessity of a system of Central financial transfers and

"all that can be done about it is to try to take the matter as much as possible out of the busy and crowded ring of political conflict and place the arrangements on a systematic basis which relates financial allocations to the units to their relative needs."<sup>9</sup>

What should be the basis for arranging Centre-State financial relations under the ever changing economic conditions and national priorities? This question refers essentially to three main issues that arise in the context of federal systems: that of fiscal (vertical) imbalance, fiscal (horizontal) imbalance and equalisation, and development needs.<sup>10</sup> How Federations deal with these issues indicate not only how they actually function but also how they cope with both the centralizing (unity) and decentralizing (diversity) forces.<sup>11</sup>

Fiscal (vertical) imbalance refers to the imbalance between the revenue needs of each level of Government and the expenditure

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7. Sastri, K.V.S., "Comment" (on "Intergovernmental Financial Relations in New Federations") in Hicks, U.K., et. al., op.cit., pp. 129-131. May also presents a similar argument. See May, R.J., op.cit., pp. 55-57.
  8. Sastri, op.cit., p. 131.
  9. ibid. p. 139
  10. The impact of development needs on Centre-State financial relations will be discussed in chapter 4.
  11. For a recent discussion on these issues in the context of the Canadian Federation see Fiscal Federalism in Canada, Report of the Parliamentary Task Force on Federal-Financial Fiscal Arrangements, August 1981.

responsibilities assigned to them by the Federal Constitution. The allocation of revenue and responsibilities (functions) between the two levels of Government determines this imbalance and the more that revenues correspond to responsibilities the less will this imbalance be. How then should functions and revenues be allocated to each level of Government? In answer, J. R. Hicks suggested that the allocation of revenue should vary with the tightness of the Federation: the derivation principle in a loose Federation and the needs and national interest principles in a tight Federation.<sup>12</sup> Wheare, however, had earlier written that

"Conditions in a variety of communities joined together in a federation differ too much from time to time and from place to place for a fixed division of financial resources to be laid down finally in a constitution. There is and can be no final solution to the allocation of financial resources in a federal system. There can only be adjustments and reallocation in the light of changing conditions."<sup>13</sup>

May similarly argued that, because of changing economic conditions and new demands for public services,

'there is no reason at all why expenditure obligations and revenue sources should balance at either level [Centre and State]."<sup>14</sup>

Flexibility and periodic review of the allocation of revenues and expenditures between the levels of Government may thus be necessary and in the meantime intergovernmental financial transfers are necessary and unavoidable. The difficulties in this area are essentially caused by the conflict of interests between the Central and State Governments.

Fiscal (horizontal) imbalance refers to the imbalance between the State Governments' financial capacity to meet the same constitutional responsibilities. The need to maintain national standards, in the provision of public services for example, further emphasised this imbalance. States in a Federation are not all of equal wealth and thus they differ in their financial capacity to meet similar responsibilities. Intergovernmental financial transfers are thus necessary to equalise the financial capacity of States. The difficulties in this area are essentially caused by the conflict of interests between State Governments.

12. Nigeria, op.cit., pp. 52-56.

13. Wheare, K.C., Federal Government. London, Oxford University Press, third edition, 1953, p. 123.

14. May, R.J., op.cit., p. 55. See also Birch, A.H., Federalism, and Social Legislation in Canada, Australia and the United States, Chapters 2-4 & 10, and Watts, R.L., "Comments" (on "Intergovernmental Financial Relations") in Hicks, U.K., et.al., op.cit., pp. 137-138.



Both vertical and horizontal imbalance necessitate a system of intergovernmental financial transfers: the transfer of revenue between the two levels of Government in the case of the former and the transfer of revenue between State Governments in the case of the latter. Objections to revenue re-distribution, especially that between the States, have been raised because of its allegedly adverse effects on the efficient and productive allocations of resources within the national economy.<sup>15</sup> Nevertheless, as Sastri insisted,

"Political harmony seems to call for a certain redistributive effect, too."<sup>16</sup>

In a Federation the concern was and remains on the political implications of intergovernmental financial transfers on Centre-State relations, especially that which result in States being financially dependent on the Centre. Both economic and political considerations are important in shaping such relations which in principle should be satisfactory and acceptable to both Centre and States. This is not easily obtained for, according to Santhanam,

"Of all federal problems, financial relations between the Centre and Units are the most difficult."<sup>17</sup>

The experience of older Federations - Canada, Australia and the United States of America - indicates that Centre-State disputes have centred on Centre-State financial relations precisely because the States were fearful of the political implications of their financial dependence on the Centre.<sup>18</sup> Thus, as Watts stated, for newer Federations the provisions governing Centre-State relations are also important

"not merely for financial and economic reasons, but for the political effects which may result from them."<sup>19</sup>

In all Federations Centre-State financial relations were and are shaped by how the revenue and expenditure sides of the equation are

15. See for example, Scott, A.D., "Federal Grants and Resource Allocation", Journal of Political Economy, Vo. LX, 1952, pp. 534-536. For an opposite view, that supporting revenue re-distribution, see Buchanan, J.M., "Federalism and Fiscal Equity", American Economic Review, XL, September 1950, pp. 583-599.

16. Sastri, op.cit., p. 133.

17. Santhanam, K., Union-State Relations in India, London, Asia Publishing House, 1960, p. 29. A similar view is expressed by Birch, A.J., op.cit., p. xi.

18. See Birch, A.H., op.cit., passim; May, R.J., op.cit., chapter 4; Watts, R.L., "Comments" (on "Intergovernmental Relations") in Hicks, U.K., et. al. op.cit., p. 137; and Watson, M.M., "Federalism and Finance in the Modern Commonwealth", Journal of Commonwealth Political Studies, Vol. 111, 1965, p. 119.

19. Watts, R.L., op.cit., p. 137.

tackled and the pattern of intergovernmental financial transfers. In newer Federations, on the revenue side, the trend and emphasis have been towards the centralisation of tax-revenue powers. This has been influenced by the need for overall Governmental regulation and control of the economy so that

"the central government must, it seemed, have authority over the major arms of taxation."<sup>20</sup>

On the expenditure side, however, the trend and emphasis have been towards decentralisation so that

"the allocation of independent tax revenue resources was on the whole scarcely related to the expenditure likely to arise as a result of the distribution of functions."<sup>21</sup>

The combination of centralisation with regard to tax-revenue powers and decentralisation with regard to expenditure has resulted in fiscal (vertical) imbalance described earlier. Thus, beyond the allocation of tax powers, a distribution of revenue resources in the form of financial transfers from the Centre to the States is called for so as to bring into balance the revenue and the expensive functions of the State Governments. Such transfers are also needed, because of inter-state differences in financial capacity, to overcome the problem of fiscal (horizontal) imbalance.

If financial transfers from the Centre to States are necessary and inevitable then the type or types of financial transfers used should be such that States' financial autonomy is safeguarded. There are in general three types of Central transfers;<sup>22</sup> first, grants of a fixed amount or pre-determined in accordance with a fixed formula, including capitation grants and shares of central revenue or of a distributable pool; second, unconditional grants-in-aid of general revenue; and third, conditional and specific purpose grants. Different types of transfers, as May noted, will have different effects on the decision-making of State Governments.<sup>23</sup> Not surprisingly and in order to save the principle of States' financial autonomy, according to Watts,

20. Watson, M.M., op.cit., p. 119. For other reasons that encourage the centralisation trend see Watts, R.L., New Federations: Experiments in the Commonwealth, pp. 199-204 and 208; Watts R.L., Multicultural Societies and Federalism, Studies of the Royal Commission on Bilingualism and Biculturalism, Ottawa, Information Canada, 1971; May, R.J., op.cit., chapter 5.

21. Watson, M.M., op.cit., p. 121. Emphasis in original. See also Watts, R.L., New Federations: Experiments in the Commonwealth, pp. 199-202.

22. For a full discussion of these see Watson, M.M., op.cit., pp. 121-123; Birch, A.H., "Intergovernmental Fiscal Relations in New Federations", pp. 126-128; Watts, R.L., op.cit., pp. 209-217; May, R.J., op.cit., chapters 4-5.

23. May, R.J., op.cit., p. 164.

"the transfers from Centre to States have normally taken the form of provisions in the Constitution guaranteeing unconditional grants or shares of central tax receipts."<sup>24</sup>

In summary, the problem of Centre-State financial relations is linked to three things. First, the manner in which functions and revenues are allocated to either the Central or State Governments. Second, the manner in which financial resources are allocated among the various States. Third, the impact of the first and second on States' financial autonomy.

#### Revenue

The Constitution provided the Central Government with the control of Peninsula Malaysia's richest and most elastic sources of revenue and the States with limited access to certain less productive and less elastic sources of revenue. The States' limited revenue base has reduced the States' financial capabilities and made them dependent on Central financial transfers. The poorer States, especially, have not been able to meet their constitutional responsibilities from their own financial resources. The States' financial weakness presents a potential threat to the 'federal principle' for it provides the opportunity for the Central Government to exercise its financial muscle.

Taxes: The Constitution provided that all revenue from taxation and other forms of revenue with the exception of those items of revenue assigned to the States should go to the Central Government. The Central Government thus has sole responsibility for raising revenue by means of income, customs and general sales taxation with State Governments being assigned certain items of revenue.<sup>25</sup>

24. Watts, R.L., Multicultural Societies and Federalism. p. 45. .

25. Items of revenue assigned to the States are enumerated in Part III of the Tenth Schedule of the Constitution and include 1) revenue from toddy shops, 2) revenue from lands, mines and forests, 3) revenue from licences other than those connected with mechanically propelled vehicles, electrical installations, and registration of businesses, 4) entertainment duty, 5) fees in Courts other than Federal Courts, 6) fees and receipts in respect of specific services by departments of the State Government, 7) revenue of town boards, town councils, rural boards, local councils and similar local authorities other than - a) municipalities established under any Municipal Ordinance and b) those town boards, town councils, rural boards, local councils and similar local authorities which have power under written law to retain their revenues and control the spending thereof, 8) receipts in respect of water supplies including water rates, 9) rents on State property, 10) interest on State balances, 11) receipts from land sales and sales of State property, 12) fines and forfeitures in Courts and other than Federal Courts, 13) Zakat, Fitrah, Baitul-Mal and similar Muslim revenue, 14) treasure trove.

Parliament, however, can from time to time substitute certain of these items but such substitutions must be of a substantially equal value.<sup>26</sup> Revenue from lands, mines and forests represents the States' main sources of revenue. However, the States are not similarly endowed with these. Furthermore, the more developed States tend to benefit more from certain assigned items, the entertainment item for example. Table 1 provides a summary of Central and State Governments' revenue for 1958-1977. In general States' domestic sources of revenue can be classed as 1) tax revenue and 2) non-tax revenue. The former comprises land taxes, mining royalties,<sup>27</sup> entertainment duties and licence fees. The latter comprises revenue from State Government enterprises (water supply for example), fees for specific services, rents, interests and receipts from land sales. Table 1 shows the contribution of tax and non-tax revenue, and Central Government grants and allocations to the total revenue of each State. Surprisingly, total Central grants and allocations to States as a percentage of their total revenue has declined, with the exception of Selangor. This suggests that States may be becoming less dependent on the Centre and therefore they may have a "measure of autonomy". However, the States financial position is not as healthy as later examination of their respective fiscal gap suggests.

The size and growth potential of the Centre's sources of taxable revenue are illustrated by Tables 2 and 3. Table 2 indicates that for 1958-1973 each State's total tax revenue as a percentage of total Central tax revenue was miniscule. It further indicates that the All States' percentage has fallen during the same period. Table 3 compares each State's tax effort to that of the Central Government's. The disparity in the tax effort among the States reflect the disparity in the size of their tax bases and emphasises that States are not similarly endowed in those revenue sources assigned to them. When each State's tax effort is compared with that of the Central Government the disparity widens alarmingly. Both Tables indicate the dominance of the Central Government in the tax-revenue structure and reflect the consequences of the constitutional provisions.

Two characteristics are clear: first, the smallness of the States' tax base and consequent tax effort, second, the differences between the

26. Article 110 (2). Most importantly item (2) of the revenue sources assigned to States cannot be substituted. In addition, items (9), (10) and (13) are similarly excluded.

27. Royalty rights for States were substituted by a tax revenue-sharing device in the Constitutional Amendment of 1962. This will be discussed later.

Table 1: Summary of Central and State Governments' Sources of Revenue, 1958-1961, 1962-1965, 1966-1969, 1970-1973 and 1974-1977, (Annual Averages in Million Dollars Malaysian and Percentages).

State (Governments)	1958-1961 Annual Averages						1962-1965 Annual Averages						1966-1969 Annual Averages						1970-1973 Annual Averages						1974-1977 Annual Averages											
	Total Revenue			Revenue from Domestic Sources			Total Central Grants and Allocations			Revenue from Domestic Sources			Total Central Grants and Allocations			Revenue from Domestic Sources			Total Central Grants and Allocations			Revenue from Domestic Sources			Total Central Grants and Allocations			Revenue from Domestic Sources			Total Central Grants and Allocations					
	Total Tax Revenue		Revenue \$ million	Domestic Sources		Revenue \$ million	Total Revenue		Revenue from Domestic Sources		Revenue \$ million	Total Revenue		Revenue from Domestic Sources		Revenue \$ million	Total Revenue		Revenue from Domestic Sources		Revenue \$ million	Total Revenue		Revenue from Domestic Sources		Revenue \$ million	Total Revenue		Revenue from Domestic Sources		Revenue \$ million					
	Amount	As a % of Total		Amount	As a % of Total		Amount	As a % of Total	Amount	As a % of Total		Amount	As a % of Total	Amount	As a % of Total		Amount	As a % of Total	Amount	As a % of Total		Amount	As a % of Total	Amount	As a % of Total		Amount	As a % of Total	Amount	As a % of Total		Amount	As a % of Total	Amount	As a % of Total	
Johore	34.25	17.88	52.2	7.22	20.6	9.15	26.6	39.99	19.39	48.5	9.98	25.0	10.63	26.3	47.83	20.45	42.7	15.04	31.4	12.34	26.0	64.28	28.52	43.5	22.31	34.8	13.45	21.7	97.30	39.96	42.7	36.18	36.6	21.16	21.2	
Kedah	17.44	5.28	31.5	3.64	20.7	8.52	48.0	19.58	5.72	29.6	4.94	25.2	8.93	45.3	26.82	7.41	27.6	7.95	29.7	11.45	30.7	33.88	11.64	34.5	10.93	32.6	11.31	33.5	47.70	13.39	25.0	16.51	37.8	17.80	36.9	
Kelantan	9.99	2.55	25.7	1.76	17.7	5.68	58.0	12.93	2.82	22.1	3.45	26.7	6.66	51.3	16.36	4.38	28.2	4.83	29.5	7.14	43.6	20.10	8.40	41.8	3.66	18.2	8.04	40.0	34.91	12.52	37.8	10.63	18.1	11.76	40.1	
Malacca	8.82	2.45	28.0	.95	10.8	5.42	61.1	8.76	2.64	30.2	1.53	17.4	4.59	52.4	11.20	3.36	29.9	2.86	25.5	4.99	44.7	13.88	4.94	36.6	3.33	25.5	5.61	37.8	18.31	6.89	37.8	5.27	28.3	6.15	31.0	
Negeri Sembilan	14.65	6.17	41.7	2.38	16.1	6.10	42.1	16.89	6.60	39.2	4.58	27.1	5.71	33.8	21.84	7.64	35.0	8.12	37.2	6.08	28.0	29.98	12.76	41.9	10.34	34.7	6.88	23.3	44.16	18.65	42.4	15.74	36.0	9.77	21.6	
Pahang	15.92	7.22	45.7	3.75	23.2	4.95	31.1	23.26	11.62	50.0	4.04	17.4	7.60	32.8	39.73	22.98	36.7	6.70	16.9	10.45	26.5	58.25	36.15	61.8	12.63	20.7	9.47	16.3	70.85	40.45	57.2	22.20	31.1	8.20	11.7	
Perak	13.83	4.41	31.6	3.39	23.9	6.03	42.8	14.02	4.41	31.6	3.97	28.3	5.63	40.3	17.34	3.91	22.7	7.18	41.4	6.25	36.1	25.92	8.32	32.4	10.15	40.2	7.45	28.8	28.08	10.38	37.0	9.29	33.1	8.41	30.0	
Perlis	41.65	14.20	33.9	13.25	32.2	14.20	33.7	47.97	16.93	35.3	14.48	30.2	16.55	34.5	60.60	15.78	26.1	24.87	41.0	19.95	33.0	82.47	22.92	27.9	33.95	41.2	25.60	30.9	118.59	30.03	25.7	51.43	43.2	37.13	31.2	
Puerto	2.55	.38	15.3	.34	13.3	1.83	71.3	2.96	.46	16.3	.46	16.3	2.02	68.3	3.67	.64	17.4	.86	23.4	2.17	59.2	5.10	1.17	22.3	1.63	31.9	2.30	45.1	6.98	1.42	21.6	1.58	23.2	3.98	55.2	
Selangor	34.90	10.92	31.3	13.31	38.1	10.67	30.6	45.44	13.12	28.9	19.32	42.6	13.0	28.6	58.46	15.55	26.7	28.75	49.2	14.6	24.2	91.37	29.01	32.3	39.74	43.8	22.62	23.8	194.98	25.69	13.1	57.37	31.3	111.92	55.2	
Trengganu	11.07	5.52	36.2	1.49	17.5	4.06	36.9	16.01	4.88	30.7	1.65	10.4	9.49	59.3	15.60	3.98	25.3	2.31	14.8	9.31	59.9	20.80	9.48	44.4	3.38	17.3	7.94	38.4	56.28	11.35	45.8	36.45	20.9	8.48	33.3	
Central Government	950.87	769.60	80.9					1120.87	948.78	79.0			1694.16	1342.25	79.2							2783.21	2261.81	81.3					5970.18	5384.68	88.5					

Notes:

Sources: Federation of Malaya's and Malaysia's Financial Statements, 1958-1977;  
State Financial Statements, 1958-1977;  
Auditor-General's Report on the Federation's and States' Accounts, 1958-1977;  
and Malaysia, Treasury, Economic Report, 1975-1978.

\* 1977 Figures unavailable  
# 1976 and 1977 Figures unavailable  
+ Inclusive of revenue derived from Sabah and Sarawak.

Table 2: Comparison between Central and State Governments' Tax Revenue (Million Dollars),  
1958-1961, 1962-1965, 1966-1969 and 1970-1973 (Annual Averages).

	1958-1961		1962-1965		1966-1969		1970-1973	
	Total Tax Revenue.	Tax Revenue as a % of Central Tax Revenue.	Total Tax Revenue.	Tax Revenue as a % of Central Tax Revenue.	Total Tax Revenue.	Tax Revenue as a % of Central Tax Revenue.	Total Tax Revenue.	Tax Revenue as a % of Central Tax Revenue.
Central Government	769.60	-	948.79	-	1342.25	-	2261.81*	-
State Governments								
Johore	17.80	2.3	19.39	2.0	20.45	1.5	28.52	1.3
Kedah	5.28	0.7	5.72	0.6	7.41	0.6	11.64	0.5
Kelantan	2.55	0.3	2.82	0.3	4.38	0.3	8.40	0.4
Malacca	2.45	0.3	2.64	0.3	3.36	0.3	4.94	0.4
Negri Sembilan	6.17	0.8	6.60	0.7	7.64	0.6	12.76	0.6
Pahang	7.22	0.9	11.62	1.2	22.58	1.7	36.15	1.6
Penang	4.41	0.6	4.41	0.5	3.91	0.3	8.32	0.4
Perak	14.20	1.9	16.93	1.8	15.78	1.2	22.92	1.0
Perlis	0.38	0.1	0.46	0.1	0.64	0.1	1.17	0.1
Selangor	10.92	1.4	13.12	1.4	15.55	1.2	29.01	1.3
Trengganu	5.52	0.7	4.88	0.5	3.98	0.3	9.48	0.4
All States' Total	76.98	10.0	88.58	9.3	105.70	7.9	173.31	7.7

Source: Calculated from Table 1. Note: \* Inclusive of Sabah and Sarawak.

Table 3: Central and State Governments' Tax Effort 1958-1973, in Malaysian Dollars per Capita.

	1958-1961	1962-1965	1966-1969	1970-1973	1958-1973 Annual Rate of Increase.
Central Government	112.3	121.2	154.2	201.1*	9.67
State Governments:					
Johore	17.5	16.5	15.6	20.6	0.72
Kedah	7.0	6.8	7.9	11.4	0.36
Kelantan	4.6	4.6	6.4	11.4	0.33
Malacca	7.6	7.1	8.2	11.4	0.20
Negri Sembilan	15.3	14.2	15.3	24.5	1.36
Pahang	21.1	29.9	48.9	64.9	1.57
Penang	7.1	6.4	5.1	10.0	0.24
Perak	10.7	11.4	9.8	13.6	0.42
Perlis	3.9	4.2	5.3	9.0	0.42
Selangor	9.8	10.2	10.4	16.3	0.50
Trengganu	18.2	14.4	10.2	21.6	0.82

Source: Table 1 and population figures from Dept. of Statistics', Annual Statistical Bulletin.

Note: Tax Effort represents Total Tax Revenue divided by Population.

\* Inclusive of Sabah and Sarawak.

States in their tax effort. These could be explained by the rather limited taxation powers that the Constitution provided the States with. Furthermore, the State sources of revenue, as Tables 2 and 3 indicate, possess slow growth potential and little manipulative power. These could also be explained by the fact that the States have not fully exploited their revenue sources. On this, C. T. Edwards believed that

"In several of the assigned sources of revenue (for example land taxes and licence fees) the State governments have not sought to utilise untapped potential."<sup>28</sup>

Three features<sup>29</sup> related to the States' tax structure provide support to the allegation that States' have generally not fully exploited their revenue sources. First, and generally, the States' tax rates, with the exception of land rates<sup>30</sup>, have remained unchanged since 1950.<sup>31</sup> Second, there is large-scale tax avoidance (especially regarding licences) and a backlog in revenue collection (especially land rent).<sup>32</sup> Finally, the tax coverage and tax rates vary considerably among States. Similar features also exist with regard to States' non-tax revenue sources.

The States' reluctance to be more aggressive in exploiting their revenue sources by revising the tax coverage, tax rates or becoming more 'efficient' in tax collection for example could be attributed to the political fact that the State Governments, heavily dependent on rural voters, have avoided the politically distasteful and unpopular task of exploiting their revenue sources more fully.<sup>33</sup> The Treasury has

28. Edwards, C.T., Public Finances in Malaya and Singapore, Canberra, Australian National University, 1970, p. 46.

29. ibid., p. 325.

30. See Senftleben, W., Background to Agricultural Policy in Malaysia, Wiesbaden, Otto Harrosswitz, 1978, pp. 65-70 and table 9.

31. The low States' tax effort is attributable to the fact that the States have not changed tax rates for a long time. Interviews with Mohamad Omar an officer in the Finance Section of the Treasury, 2-8-1980, and Tan Sri Dato Ahmad Nordin, Auditor-General, 16-8-1980.

32. The Auditor-General had on numerous occasions pointed out that arrears in revenue collection by States were partly responsible for the gap between estimated revenue and actual revenue. In 1973, for example, the Auditor-General in singling out Perlis reported that the National Finance Council's (NFC) Committee on State Reserve Fund (SRF) grants to States had advised the Perlis State Government to take the necessary action to collect the arrears of revenue. See Auditor-General, Report on the Accounts of the State of Perlis, 1973, Kuala Lumpur, Government Printer, p. 39. See Edwards, C.T., op.cit., p. 325. States have found it

33. politically difficult to raise tax rates. Interview with Mohamad Omar, an Officer in the Finance Section of the Treasury. States lack the 'political will' to raise such rates. Interview with Tan Sri Dato Ahmad Nordin.



subsequently claimed however that

"There is now a growing awareness among the States of the need to raise more revenue from State sources to finance current expenditure. Thus, there is a need to widen the tax base and review existing rates on a selective basis. Selangor and Kedah have in fact already announced their intention to review water rates."<sup>34</sup>

The States were reminded in December 1976 by the Finance Minister, Tengku Razaleigh, to continue improving their financial position through intensified efforts at revenue collection.<sup>35</sup>

In Peninsula Malaysia the fiscal provisions provide for a tax-revenue structure within which the Centre is dominant. The adoption of such provisions may indeed, as Watson suggests, have been influenced by the lessons drawn from the experience of the 'older' Federations.<sup>36</sup>

In Australia, for example, the tax revenue structure had evolved from that of tax sharing, concurrent taxation and finally tax separation.<sup>37</sup> The tax separation established by the Uniform Income Tax Scheme in 1942 centralized the tax revenue structure by providing the Commonwealth Government with exclusive power over customs and excise duties, sales taxes and income taxes. In the 'newer' Federations the emphasis, as in Peninsula Malaysia, has been towards clearly separating the tax powers of the Central and State Governments and the centralization of tax powers, with few exceptions and varying degrees.<sup>38</sup>

Centre-State Tax-Revenue Sharing: The Constitution through Article 110 provided the State Governments with the power to impose royalties on minerals mined in their states while the Central Government was entitled to impose duties on such minerals. This division has operated but co-ordination and flexibility in the Centre-State handling of such mineral resources has proved difficult in a situation where each government was

34. Treasury, Economic Report, 1975-1976, Kuala Lumpur, Government Printer, 1976, p. 53.

35. Malaysian Parliamentary Debates (MPD), Dewan Raayat, Vol. 11, No. 68, 14.12.1976, Col. 7187. See also New Straits Times (NST), 11.1.1977 and 11.10.1979.

36. Watson, M.M., op.cit., p.119. For a study of the experience of older Federations, see Birch, A.H., Federalism, Finance and Social Legislation in Canada, Australia and the United States, Chapters 2-5.

37. See Prest, W., "Tax Arrangements and Inter-governmental Transfers", Publius, Vol. 7, No. 3, Summer 1977, pp. 53-60. See also May, R.J. op. cit., pp. 57-66.

38. See Birch, A.H., "Intergovernmental Financial Relations in New Federations", pp. 122-126; Watson, M.M. op.cit., pp. 120-121; Watts R.L., New Federations: Experiments in the Commonwealth, pp. 202-208; May, R.J., op.cit., Chapter 5; Grewal, B.S., Fiscal Federalism in India, Research Mono. No. 3, Centre for Research on Federal Financial Relations, Australian National University, Canberra, 1974, pp. 17-18.

determined to raise as much revenue as possible from such resources.

M. Suffian points out that

"At one time there was little co-ordination between the Federal Government and the producing States, and each was determined to obtain as much revenue as possible...This worked hardship on the mining industry."<sup>39</sup>

In 1962 (Act 14/1962) the Constitution was amended with the addition of clauses (3), (3A) and (3B) to Article 110.<sup>40</sup> Under clause (3) each tin-producing State is entitled to receive, on such terms and conditions as may be provided by federal law, a minimum of ten percent of the export duty on tin produced in the State. Under clause (3A), Parliament is empowered to provide by law that each mineral (other than tin)- producing State is entitled to receive, on such terms and conditions as may be provided by federal law, a portion of the export duty on such minerals<sup>41</sup> produced in the State. These two amendments favour States and were indeed designed to favour them.<sup>42</sup> However, the amendment under clause (3B) goes against them because it empowers Parliament to provide by law prohibiting or restricting (in, or except in, such cases as may be provided by or under the law) the levying of royalties on or similar charges in respect of minerals.

Tun Abdul Razak, then the Deputy PM, during a debate in the Dewan Raayat, gave three reasons for the above amendments.<sup>43</sup> First, it was inequitable for any mine to pay both royalty and export duty on the same product. Second, different States imposed different rates of royalty. Third, there should be uniformity in the treatment of mines throughout the Federation. Generally the amendments substituted States' royalty rights with a tax revenue-sharing arrangement. Through these amendments the Central Government had assumed responsibility for what used to be Centre-State tax responsibility. Edwards argued that the Central Government had been encouraged into taking up such responsibility

39. M. Suffian Hashim, An Introduction to the Constitution of Malaysia, Kuala Lumpur, Government Printer, 1976 edition, p.190.

40. See Federation of Malaya, Acts of Parliament, 1962, Kuala Lumpur, Government Press, 1963, pp. 204-205. In addition Article 76(4) was also amended. Thus, Parliament was provided with the power to legislate on the terms of mining leases for the purpose of ensuring uniformity throughout the Federation.

41. 'minerals' means mineral ores, metal and mineral oils.

42. See Suffian Hashim, "Division of Revenue", in Bartholomew, G.W., ed., Malaya Law Review Legal Essays. Malaya Law Review, 1975, p. 12.

43. Malayan Parliamentary Debates (MPD). Dewan Raayat, Vol. 111, No. 40, 29.1.62, col. 4180.

because of the failure of the State Governments to utilise their tax powers effectively.<sup>44</sup>

Several opposition MPs argued against the amendments during the Dewan Raayat debate. Too Joon Hing, an MP from Perak, argued that the amendment affected States' rights over mining and thus should be debated by the States themselves.<sup>45</sup> A PAS MP from Kelantan, Zulkifli, argued that the amendments would restrict State Powers.<sup>46</sup> Another PAS MP from Kelantan, Ahmad Abdullah, argued that States were already financially weak and the amendments would further weaken them.<sup>47</sup> He continued that the States were already unable to meet their constitutional responsibilities from their revenue sources and suggested that there should be more financial transfers from the Centre to States.<sup>48</sup>

By virtue of these amendments Parliament enacted, in 1962, the Assignment of Revenue (Export Duty on Iron Ore) Act. This Act provided that each iron-ore producing State is entitled to receive up to a maximum of ten percent of the ad valorem on the value of the exported iron-ore produced in the State.<sup>49</sup> Edwards believed that in this case

"the Federal Government appropriated State tax rights over iron ore because differences in the royalties levied by each of the main iron ore-producing States made the task of collecting Federal export tax revenue more difficult. The Federal Government has realised that, if the States were given complete control over major taxes, a widening gap would result between actual and potential revenue yield."<sup>50</sup>

In 1964 Parliament enacted the Assignment of Export Duty (Mineral Ores) Act. This Act provided the States with a generous portion of export duty collected by the Central Government in respect of mineral ores (other than tin or iron-ore) produced in these States.<sup>51</sup>

44. Edwards, C.T., op.cit., p. 325.

45. MPD, Vol. 111, No. 40, 30.1.1962, col. 4358.

46. ibid., 31.1.1962, col. 4442.

47. ibid., col. 4480.

48. ibid., col. 4481.

49. Regarding Sabah and Sarawak, Article 112 C (4) provided that clause (3B) shall apply in relation to all minerals including mineral oils but shall not authorise Parliament to prohibit the levying of royalties on any mineral by the State or to restrict the royalties that may be so levied in any case so that the State is not entitled to receive a royalty amounting to ten percent ad valorem calculated as for export duty.

50. Edwards, C.T., op.cit., p. 325.

51. See Federation of Malaysia, The Assignment of Export Duty (Mineral Ores) Act, 1964, Kuala Lumpur, Government Press, 1964. This Act was made in response to the Johore Government request for a share of the export duty on bauxite which Johore produced in substantial quantities in 1963. See Lim Heng Boon, "Federal-State financial relations in West Malaysia", Graduate Exercise, Faculty of Economics and Administration, University of Malaya, 1968/9, p. 20.

The above tax revenue-sharing arrangements will benefit States differently. Mineral-rich States stand to gain most from such arrangements. Table 4 indicates this with regard to tin. M. Suffian, referring to Article 110(3) remarked that

"This removes the grievance of the major tin-producing States like Perak and Selangor that formerly saw export duty on their tin going into federal coffers."<sup>52</sup>

It is not surprising that rice producing States, such as Kedah, have consistently argued that although their rice is not exported they should be accorded preference because they have managed to save foreign exchange for the country.<sup>53</sup> In July 1978, the Mentri Besar (MB) of Kedah, Syed Nahar Shahabudin, suggested that based on Kedah's fifty percent contribution to Malaysia's rice production the Central Government should give special attention to Kedah in the allocation of aids and grants.<sup>54</sup> Notwithstanding Suffian's earlier remark, Perak had claimed that the ten percent share for export duties on tin was not adequate considering that it was and still is a major producer of tin and that tin is a depleting asset.<sup>55</sup> In January 1978, the National Finance Council (NFC)<sup>56</sup> at a meeting decided to recommend an increase of revenue payment to tin-producing States through a new formula. Dr. Mahathir Mohamad, the then Deputy PM, as Chairman of the NFC meeting then, disclosed that

"The States have asked us to give them twenty percent [in place of the present ten percent] of the export duty of the tin produced by them. But the Federal Government has devised a formula whereby the

51. (Cont.) The Act provided for one half of the export duty on bauxite, wolframite, sheelite, columbite-tantalite, copper, ilmenite, zincon, morazite and manganese to be assigned to the respective Peninsula States. Tin and iron were already covered by the 1962 amendments discussed earlier.
52. M. Suffian Hashim, *op.cit.*, p. 12.
53. See Abdullah Ayub, "Financial Provisions of the Malaysian Constitution and their Operation in Practise", in M. Suffian Hashim, et.al., *The Constitution of Malaysia: Its Development, 1957-1977*, Kuala Lumpur, Oxford University Press, 1978, p. 309. See also *Straits Times*, 24.4.1974; *New Straits Times (NST)* 7.3.1978; and *Berita Harian*, 9.11.1978. Kedah's argument has consistently been opposed by other States within the NFC. Interview with Mohamad Omar.
54. *The Star*, 31.7.1978.
55. *ibid.* The Selangor State Government, for example, has attempted to increase State revenue from tin through direct participation of its own State Corporation in tin mining. See *New Straits Times*, 24.7.1978.
56. See *NST*, 29.1.1978. The NFC's meeting was chaired by Dr. Mahathir Mohamad and attended by States' Mentri Besars and Chief Ministers, and some Cabinet Ministers. The NFC's role in co-ordinating and smoothing Centre-State financial relations will be discussed later.

**Table 4: Assignments of a Percentage of Tin Export Duties in Million Dollars and as a Percentage of Total Revenue for each State, 1958-1961, 1962-1965, 1966-1969, 1970-1973 and 1974-1975 (Annual Averages).**

State Governments:	1958-1961		1962-1965		1966-1969		1970-1973		1974-1975	
	(a)	(b)%	(a)	(b)%	(a)	(b)%	(a)	(b)%	(a)	(b)%
Johore	0.39	1.09	0.87	2.18	1.55	3.24	1.70	2.64	1.61	1.92
Kedah	0.79 <sup>x</sup>	7.60 <sup>x</sup>	0.17	0.89	0.29	1.08	0.30	0.89	0.49	1.17
Kelantan	-	-	-	-	-	-	-	-	-	-
Malacca	0.01 <sup>x</sup>	0.13 <sup>x</sup>	0.01	0.14	0.02	0.22	0.05	0.33	0.02	0.14
Negri Sembilan	0.28 <sup>x</sup>	1.83 <sup>x</sup>	0.34	1.99	0.31	1.41	0.29	0.98	0.23	0.65
Pahang	0.08 <sup>x</sup>	0.47 <sup>x</sup>	0.21	0.92	0.63	1.58	0.88	1.51	1.00	1.41
Penang	-	-	-	-	-	-	-	-	-	-
Perak	25.05	60.15	28.70	59.82	35.54	58.64	49.85	60.45	50.44	61.47
Perlis	-	-	-	-	0.01	0.40	0.06 <sup>xx</sup>	1.03 <sup>xx</sup>	0.14 <sup>xxx</sup>	1.69 <sup>xxx</sup>
Selangor	12.62	36.16	14.89	32.78	18.48	31.61	28.22	30.88	72.56	31.41
Trengganu	0.03 <sup>x</sup>	0.24 <sup>x</sup>	0.05	0.31	0.29	1.87	0.31	1.51	0.59	1.06

**Sources:** State Financial Statements and Table 1. **Note:** (a) Assignments of a Percentage of Tin Export Duties in Million Malaysian Dollars, of Revenue derived by the States from Tin Duties (b) (a) as a percentage of individual State's Total Revenue.

**Note:** x 1958 figures unavailable.  
xx 1971 figures unavailable.  
xxx 1974 figures unavailable.  
- indicates no Tin Duties.

export duty and the surcharge will be combined and a flat ten percent given to the States."<sup>57</sup>

He believed that under such a system the tin-producing States of Selangor, Perak and others would stand to gain an additional total annual revenue of \$14 million.<sup>58</sup>

Tax revenue-sharing could increasingly be used to benefit the States if the Central Government decides to exercise its powers under Article 110(4). This Article provided that Parliament may by law assign to the States (other than a Borneo State), first, the whole or any portion of the proceeds of any tax or fee raised or levied by the Federation and, second, the responsibility of collecting for State purposes any tax or fee authorised by Federal law. To date no such law has been enacted. This Article provides the Central Government with the basis for creating a mechanism for some form of tax devolution. Such a possibility depends not insignificantly on a political decision which may be hastened by political pressure from the States. In Peninsula Malaysia since 1962 tax revenue sharing has been confined only to revenue raised from mineral ores. The use of this system is more widespread in other Federations like India and Nigeria.<sup>59</sup>

Borrowing and Loans: Article 111 governs the borrowing power of both the Central and State Governments. This article prohibits the Central Government from borrowing except under the authority of Federal law. A State Government shall not borrow except under the authority of State law, and State law shall not authorise a State Government to borrow except from the Federation or, for a period of not exceeding twelve months, from a bank approved for that purpose by the Central Government.<sup>60</sup> The Central Government, thus, has complete power under the Constitution to determine the pattern and conditions of borrowing or contracting of loans by the State Governments of Peninsula Malaysia.

The States are dependant on the Central Government for much of their finances. The Central Government could take advantage of the States' dependance and consequently assume de facto or indirect responsibility over those subjects or areas of States' competence. The States' very restricted power to borrow further emphasized States'

57. ibid.,

58. ibid.

59. See Grewal, B.S., op.cit., pp. 20-22; Watson, M.M., op.cit., pp. 121-122; Watts, R.L., op.cit., pp. 211-213; and May, R.J., op.cit., pp. 114-123 and 134-145.

60. For Sabah and Sarawak Article 112B provides that borrowing within the State must have the approval of the Central Bank of the Federation.

dependance. This has been a source of difficulty, and in some cases also of irritation, particularly for States like Kelantan (controlled by the Parti Se-Islam Malaysia -PAS- or the Pan Malayan Islamic Party -PMIP- from 1959 to 1969), controlled by a party different from that controlling the Central Government. Such States, starved of finance, could be forced to seek some other means of finance. Kelantan was one such case.<sup>61</sup>

For 1963 the Auditor General noted that because the Kelantan Government's total cash and bank balances were less than the Central Government's credit balance with the State in the Consolidated Revenue Account, the Kelantan Government was able to rely largely on Central Government's cash to pay its bills. He reported that

"This situation continues at the date of this Report. It appears therefore that the State Government has borrowed Federal funds without the authority of State law contrary to the Federal Constitution."<sup>62</sup>

61. Kelantan's increasing need for finance from 1962 onwards was partly attributable to its very costly Sungai Kelantan Bridge. The State Government had requested a Central loan but it refused to agree to the central loan terms, part of which was the submission of the bridge plans to the Federal Public Works Department. Denied a Central loan it proceeded to construct the bridge, now costing \$5.5 million, attempting to finance it out of State funds. See The Straits Times, 1.3.1962 and 1.6.1962. The Auditor-General reported that "Although it was appreciated that a loan would be needed, the project was put in hand without a loan having first been negotiated with the Federal Government." See Auditor-General, Report on the Accounts of the State of Kelantan, 1962, Kuala Lumpur, Government Printer, 1963, p. 3. Writing on the State's accounts for 1963, the Auditor-General reported that "the manner in which this project has been undertaken is not such as is likely to safeguard public funds to best advantage or ensure value for money...Like the 1962 Estimates, the 1963 Estimates gave the Assembly no indication of the total cost of the project, and in my opinion, the Assembly's control over this expenditure was thereby correspondingly weakened." See Auditor-General, Report on the Accounts of the State of Kelantan, 1963, Kuala Lumpur, Government Printer, 1964, p. 4. The State partly paid for the bridge by raising a loan of \$3 million from the Banks. According to the Auditor-General this loan was raised with due authority during Nov.-Dec. 1964 but had not been repaid within the twelve months as required by the Federal Constitution. The State in 1966 passed a law to raise a new loan of \$2 million from the Banks to repay the existing one and, accordingly to the Auditor-General, the Central Government agreed to this arrangement. See Auditor-General, Report on the Accounts of the State of Kelantan, 1964, Kuala Lumpur, Government Printer, 1966, p. 7. By September 1969 the balance of \$4.185 million still to be repaid by the State Government was fully settled by a loan of \$4.2 million from the Central Government. See Auditor-General, Report on the Accounts of the State of Kelantan, 1968, Kuala Lumpur, Government Printer, 1970, p. 41. It seemed that Kelantan got away with disobedience.
62. Auditor-General, Report on the Account of The State of Kelantan, Kuala Lumpur, Government Press, 1967, p. 5.

He reported that the Attorney General implemented two measures to overcome the above de facto State borrowing.<sup>63</sup> First, Central Government's cash with Kelantan's was segregated and placed in a Special Bank Account. Second, Central Government's credit balance with Kelantan was reduced from about \$6 million to just over \$1 million when the 1964 accounts were closed. Despite these measures, the Auditor-General reported that

"The situation has not been wholly satisfactory in 1965 and is now under review. It appears that the State has again in effect used Federal money for its own purposes."<sup>64</sup>

On February 20, 1964, the Kelantan State Government made a financial arrangement with a private company to raise additional revenue. The State Government granted a mining and forest concession to the Timbermine Industrial Corporation Limited in return for advance payments of royalty amounting to \$2.5 million. When the Corporation extracted the timber and minerals on which the royalty was due, it had to pay fifty percent of the royalty due and retain the other fifty percent until the whole prepaid amount was refunded. In certain circumstances the agreement stipulated that the amount advanced could be forfeited.

The appropriateness of the above financial transaction depended on what constituted borrowing. On this, the Auditor-General commented that

"There is no law requiring the company to make a prepayment in respect of royalties. As the prepayment is to be set off against forest royalties paid after the third year, this appears to constitute borrowing by the State contrary to Article 111(2) of the Federal Constitution. This is the view of the Attorney-General with which the State disagrees."<sup>65</sup>

The appropriateness of the transaction was challenged by the Central Government (under Article 130) in the Federal Court in the Government of Malaysia v the Government of the State of Kelantan.<sup>66</sup> The Central Government argued that such a transaction amounted to borrowing and because this borrowing arrangement was not authorised by State law it was, therefore, unconstitutional. The Federal Court held that such a transaction did not amount to borrowing since there was no legal relationship of lender and borrower between the State Government and the

63. Auditor-General, Report on the Account of the State of Kelantan, 1964, Kuala Lumpur, Government Press, 1966, p. 7.

64. ibid

65. Auditor-General, Report on the Account of the State of Kelantan, 1964, p. 2.

66. Malaya Law Journal, 1968, p. 129. See also Jayakumar, S., Constitutional Law Cases from Malaysia and Singapore, Singapore Malaya Law Journal Pte Ltd., 1971, pp. 206-225.



Corporation. Furthermore, the State Government was not obliged to repay if the advance payments were forfeited for breach of condition.

In 1971 the Constitution was amended so as to negate the above Court's decision.<sup>67</sup> By amending Article 160, through adding Clause (2), the meaning of borrowing was extended. "Borrow" now includes the raising of money

"by entering into an agreement requiring payment before the due date of any taxes, rates, royalties, fees or any other payments or by entering into any agreement whereby the Government has to repay or refund any benefits that it has enjoyed under that agreement."<sup>68</sup>

An opposition MP in the Dewan Raayat, V. Veerapan, during the amendment debate, argued that it was indeed the intention of the framers of the Constitution that the States should borrow from the Federation, except in cases of short-term loans which they can borrow from the banks. He believed, however, that this amendment was intended to defeat the case which was heard and settled in the country and that

"if the States are prevented from entering into any such agreement, the States would be deprived of putting up some projects which will be for the benefit of the people of those particular States. For example, if a State Development Corporation or something like that would like to put up a building - the State does not have the money and then allows him a period of time to collect the rents and after that that building becomes the State's own property - you cannot do it...it also prevents the Federal Government from approving such a thing because the provision in the word "borrow" does not allow the Federal Government to even sanction such an arrangement."<sup>69</sup>

In reply, the Attorney-General, Tan Sri Abdul Kadir Yusuf, assured the Dewan Raayat that the amendment was intended solely to tighten the word "borrow". He stated that, as a result of the Kelantan case,

"..we have to amend the definition of "borrowing" so as to make it clear that in future such a method of borrowing is clearly not in accordance with what is really defined by the Article in the Constitution. There is no other implication involved in that case."<sup>70</sup>

Aware of the States' funding problems, the Central Government in February 1975 announced it was considering relaxing its restrictions on borrowing or contracting of loans so as to enable these States to raise funds for development.<sup>71</sup> Tan Sri Chong Hon Nyang, the Minister without Portfolio, subsequently informed the Dewan Raayat that the Central

67. The Constitution (Amendment) (No. 2) Act, 1971 (Act A31/1971).

68. MPD, Vol. 1, No. 7, 33.3.71, col. 554.

69. Ibid, col. 558.

70. Ibid, cols. 558-559.

71. NST 9.2.75.

Government had agreed in principle to allow State Governments to obtain loans from within or outside the country provided the sources were approved by it and the repayment period did not exceed five years.<sup>72</sup>

The relevant Constitution (Amendment) Bill was introduced in Parliament in July 1976. The Constitution (Amendment) Bill, 1976, sought to amend, among others, Article 111(2).<sup>73</sup> The PM, Datuk Hussein Onn, in introducing the Bill stated that

"The intention of the amendment is to relax the restrictive provision which is at the moment existent in the Constitution with regard to borrowing by State Governments."<sup>74</sup>

This amendment was necessary, he continued, in view of the States' increasing developmental and financial requirements from time to time. Accordingly it was thought desirable that States should be able to borrow or contract loans from any source with the prior approval of the Central Government, and provided also that the repayment period did not exceed five years.<sup>75</sup> However, the principle of the centralization of borrowing powers had been left unchanged. In response, the Chief Minister of Penang, Dr. Lim Chong Eu, who was also an MP, approvingly remarked that

"this will enable the Federal Government to work more closely with the State Governments and vice-versa ... particularly with regard to the securing of funds for financing projects in the States. I hope that the Federal Government, once this Constitutional (Amendment) Bill is passed, will set up a Committee or a body which will enable the Federal Government to work closely with the State Governments which seek to apply for the provisions of this particular amendment to be made applicable to their States."<sup>76</sup>

His suggestion for the establishment of a committee seemed curious since the NFC had already been established essentially to handle Centre-State financial relations in general and loan requirements, among others, in particular. He also, again rather curiously, expressed his gratitude to the Central Government

"for having given the State Government of Penang every opportunity to make use of the development funds through these particular provisions of the Constitution. I am sure that the amendment will make it easier for all the other States in the Federation in future to do so."<sup>77</sup>

72. ibid, 8.7.76.

73. For details of the approved Bill, see Federation of Malaya, Acts of Parliament (Act A334), Kuala Lumpur, Government Press, 26.8.76, p.23.

74. MPD, Vol. 11, No. 19, 12.7.76, col. 2035.

75. ibid.

76. ibid, Vol. 11, No. 20, 13.7.76, col. 2168.

77. ibid.

He seemed to imply that even before this amendment the State Government of Penang had received favourable loan treatment from the Central Government compared to the other States.

In amending Article 111(2) the Central Government became the final guarantor of loans. It was therefore anxious to ensure that the States obtained the most favourable financial terms.<sup>78</sup> Abdullah Ayub, the Secretary General of the Ministry of Finance, indicated what the Central Government would insist upon in considering loan applications from the States:

"It is essential for the Federal Government to ensure that the State Government do not borrow more than what they can afford as this would effect their own viability and the credit standing of the Federation."<sup>79</sup>

In addition, State loan applications would be approved by the Central Government on the basis of the economic viability of the State projects that the loans would help finance and the interest rates for such loans would be the economic rates.<sup>80</sup> However, most States, especially the richer ones like Selangor, are usually reluctant to use the facility provided by the Amendment to Article 111(2) because to do so would oblige them to defend the economic viability of their projects and thus make them subject to close examination.<sup>81</sup>

Since Independence the amounts of Central Government loans to State Governments, with the exception of Negri Sembilan and Selangor, have been increasing. Table 5 indicates this trend for the 1961-1976 period. Generally, most of these loans were used to finance the States' own development schemes.<sup>82</sup> These include the following: land development, such as the group settlement schemes and the fringe alienation schemes; low-cost housing schemes; water supply schemes; agricultural projects; and industrial estates schemes. Occasionally Central loans had been used to finance States' operating expenditures.<sup>83</sup> For example, the Kelantan Government received a loan of \$1 million from the Central Government in December 1967 for meeting the payment of salaries of Officers of the Kelantan Government.<sup>84</sup>

78. Abd. Ayub, op.cit., p. 318.

79. ibid.

80. Interview with Tan Sri Dato Ahmad Nordin.

81. ibid.

82. The sources of finance for States' development expenditure will be discussed in Chapter 4. As will be seen, loan finance forms an important proportion of States' development expenditure.

83. For details see Federation of Malaysia, Financial Statements, section on States' loans due to Federal Government.

84. See Auditor-General, Report on the Accounts of the Federation of Malaysia, 1967, Kuala Lumpur, Govt. Printer, 1970, p. 160.

Table 5: Central Government Loans to State Governments, 1961-1965, 1966-1970 and 1971-1976  
(Million Malaysian Dollars and Annual Averages ).

State Governments:	1961-1965		1966-1970		1971-1976	
	Total	Annual Average	Total	Annual Average	Total	Annual Average
Johore	4.4	0.89	9.9	1.98	55.5	9.25
Kedah	11.8	2.36	13.0	2.60	33.0	5.50
Kelantan	1.1	0.22	9.0	1.81	12.8	2.13
Malacca	4.4	0.88	5.5	1.12	26.0	4.33
Negri Sembilan	25.9	5.19	7.8	1.58	24.3	4.05
Pahang	11.6	2.33	7.9	1.59	33.0	5.50
Penang	1.9	0.38	31.4	6.28	34.3	5.72
Perak	35.5	7.10	15.1	3.03	43.0	7.17
Perlis	1.5	0.30	1.5	0.29	6.4	1.07
Selangor	35.5	7.10	21.9	4.39	17.5	2.92
Trengganu	0.0	0.0	11.8	2.36	23.3	3.88

Source: Federation of Malaya and Malaysia, and Malaysia, Financial Statements, 1961-1976, and Treasury, Economic Report, 1977-1978.

Centre-State differences over loan terms and conditions had sometimes soured Centre-State relations. These differences for instance as already mentioned, have plagued the financial relations between the Kelantan Government and the Central Government. In the 1967 loan grant to Kelantan, for example, the Auditor-General reported that

"to date, a loan agreement has not been executed due to differences over the terms and conditions which have, so far, not been resolved."<sup>85</sup>

The States' heavy dependence on Federal loans to finance either their operating or development expenditures would involve a further sacrifice of the independence of States' initiative and action. This is because decisions as to which projects are to be accepted as a loan commitment are a Central rather than a State responsibility. It could be reasonably argued that with regard to internal loans, at least, richer States should be allowed to raise their own loans and poorer ones allowed to borrow from the Central Government on easy terms.

Before the 1976 amendment, a recommendation that poorer States should be charged lower interest rates when contracting loans was opposed by richer States, and a uniform interest rates structure, usually below the commercial interest rates, was established.<sup>86</sup> Nevertheless, some States, especially the poorer ones, had consistently failed to meet either the interest payments or part-payment of the loans contracted. In such cases the Central Government had usually cancelled these loans as bad debts.<sup>87</sup>

The Central Government has complete powers over external and internal public borrowing in Peninsula Malaysia. In other Federations, Central Government powers over this are different. In Australia for example, the Australian Loan Council, essentially a Centre-State body, controls both external and internal public borrowing.<sup>88</sup> Thus, neither the Central nor the State Governments have any independent borrowing power. A distinction is sometimes made between external and internal public borrowing with the Central Government usually having complete powers over the former and State Governments having qualified powers over the latter, as in India and Nigeria.<sup>89</sup>

85. ibid. The Straits Times, 22.12.67, however, under the headlines, "Kelantan accept loan terms" reported otherwise. Kelantan-Central Government differences over loans highlighted again in 1968. See "Sardon: I would be first to oppose loan to PMIP", in ibid., 18.5.68.

86. Interview with Tan Sri Dato Ahmad Nordin.

87. ibid.

88. For a discussion of the Australian Loan Council, see Jay, W.R.C., "The Australian Loan Council", Publius, Vol. 7, No. 3, Summer 1977, pp. 101-117.

89. See Watts, R.L., op.cit., pp. 218-219.

Central Grants: Under Article 109 of the Constitution the Central Government must make two kinds of grants to each State for each financial year:<sup>90</sup> the capitation grant and State road grant. The capitation grant was initially calculated in the following way:

- 1) 15 dollars per person for the first 50,000;
- 2) 10 dollars per person for the next 200,000; and
- 3) 4 dollars per person for the remainder of the State's population.

The capitation grant was initially made based on the 1957 population census. The next census was due in 1967 but was delayed for three years. The 1970 census was accepted as the basis for capitation grant calculation only from 1972.<sup>91</sup> Since the last census should have been held in 1967 rather than 1970, the Central Government agreed to make a compensatory ex-gratia payment to all the States of Peninsula Malaysia.<sup>92</sup>

The rates of the capitation grant could be revised by Parliament.<sup>93</sup> In December 1976, after consulting the NFC<sup>94</sup> the Central Government introduced a Bill - The Capitation Grant Bill - in Parliament to revise the above rates from January 1, 1976, as follows:<sup>95</sup>

- 1) 20 dollars per person for the first 100,000;
- 2) 10 dollars per person for the next 150,000;
- 3) 6 dollars per person for the next 250,000; and
- 4) 3 dollars per person for the remainder.

During the debate on the Bill in the Dewan Raayat, the Finance Minister, Tengku Razaleigh, stated that the Bill was designed to give more financial help to States, especially those which were poor and having a small population.<sup>96</sup> In this way, he continued, it would be possible to bring into balance poor States with small population with that of rich States with larger population.<sup>97</sup> An UMNO MP, Suhaimi Haji Kamaruddin,

90. Part 1, Tenth Schedule of the Constitution. Article 112 and Parts IV and V of this Schedule provide additional sources of revenue to Sabah and Sarawak over and above those enjoyed by the States of Peninsula Malaysia.

91. Auditor-General, Report on the account of the State of Perak, 1973, Kuala Lumpur, Government Printer, p.48

92. ibid.

93. Article 109(2) of The Constitution.

94. Abd. Ayub, op.cit., p.310. See also Treasury. Economic Report, 1977/78, Kuala Lumpur, Govt. Printer, 1978, p. 78.

95. See MPD, Vol. 11, No. 68, 14.12.76, col. 7201.

96. ibid., cols. 7200-7201.

97. ibid., col. 7209.

nevertheless called for more financial help so that the States could effectively achieve their development goals.<sup>98</sup>

The 1977 population Census<sup>99</sup> for each State would now be used for calculating the amount of capitation grant awarded to each State. With these new rates the poorer States would receive higher rates of increases while the 'richer' States would receive lower rates of increases. 'Poorer' States like Perlis, Kelantan, Trengganu and Kedah, would have their capitation grant increased by 51%, 24%, 25% and 14% respectively for 1977.<sup>100</sup> The 'richer' States like Selangor and Perak for example, would have their capitation grant increased by only 1.5% and 2.3% respectively for 1977.<sup>101</sup>

A State road grant is also payable to each State for each financial year.<sup>102</sup> This grant is calculated by multiplying the average cost to a State of maintaining a mile of State road by the total mileage of State roads in that State. The Central Government, however, determines after consulting the NFC, the minimum average cost to a State of maintaining a mile of State road.

The calculation of the State road grant also depended on what constituted a State road. Centre-State controversy over this occurred because the term was not clear. The Federal roads Ordinance, 1959, contained a provision allowing for the declaration of certain roads, bridges, ferries and other means of communication as Federal roads. A State road was thus defined as any public road other than a Federal road and any other non-Federal road to which the public had access. To clarify what constituted a State road, the Constitution was amended in 1966 thereby adding to the definition of State roads for road grant purposes any bridges, viaducts, or culverts that form a part of the road.<sup>103</sup>

Until 1970, the rate used to calculate the State road grant was \$4,500 per mile. In 1970 a committee appointed by the NFC recommended that this rate be raised to \$4,600 per mile. The NFC accepted this and

98. *ibid.*, col. 7208. The Capitation Grant Bill was passed on December 14, 1976 and formally gazetted as Act A367, Capitation Grant Act, 1976.

99. The 1977 Population census was not held and only in 1980 was the census conducted.

100. Treasury, *op.cit.*, p. 78.

101. *ibid.*

102. Article 109(1) (b) and Part 11 of the Tenth Schedule of the Constitution.

103. See Act 59/1966 which amended the Tenth Schedule, Part 11 of the Constitution, governing State road grants.

decided that the new rate should apply from 1971.<sup>104</sup> The States lobbied for this rate to be further increased. In 1974 the Treasury reviewed this rate and recommended that because of increasing cost of road maintenance this rate should be increased to \$5,000 dollars per mile.<sup>105</sup> At an NFC meeting in February 1974<sup>106</sup> after representation by the States, the Treasury's recommendation was approved with effect from 1974. Again in February 1977, the NFC accepted the Treasury's recommendation to raise this rate to \$6,000 per mile with effect from 1974.<sup>107</sup>

The capitation and State road grants are constitutionally guaranteed and thus are unconditional grants, although the Central Government through Parliament has complete discretion and power to change the rates used to calculate them. Both rates have now been revised upwards not at regular but at irregular and ad hoc intervals. Table 6 indicates the different amounts of capitation and State road grants made to each State for the 1958-1976 period. For capitation grants, it indicates that although the amount for each State has increased, as a percentage of each State's total revenue it has fallen, and thus suggests lesser States' dependance on this type of grant. For State road grants there is no uniform trend. It indicates that on the one hand for some States - Johore, Kedah, Kelantan, Pahang, Perlis and Trengganu - both the amount and as a percentage of total State revenue has increased. On the other hand, for other States - Malacca, Negri Sembilan, Penang, Parak and Selangor - the amount has increased but as a percentage of total State revenue it has fallen. Thus, it suggests that dependance on this type of grant is increasing in the former and falling in the latter. Generally, the States' dependance on the two types of grant is not uniform.

New Grants: The Central Government is empowered to make new grants to States for specific reasons and purposes.<sup>108</sup> To date it has created two such grants: The Balancing Grant (B.G. or the Revenue Equalisation Grant) and the Revenue Growth Grant (RGG).

In 1974, the Central Government created the BG after agreement with the States, and will be paid only to the States with per capita

104. See Auditor-General, Report on the Account of the State of Penang, 1971, Kuala Lumpur, Govt. Printer, 1973, p. 47. See also M. Suffian, An Introduction to the Constitution of Malaysia, p. 185.

105. Treasury, op.cit., p. 78

106. M. Suffian, op.cit., p. 185

107. Treasury, op.cit., p. 78 See also Abd. Ayub, op.cit., p. 310

108. Article 109(3) and (6) of the Constitution.



Table 6: Central Grants: Capitation Grants and State Road Grants, 1958-1961, 1962-1965, 1966-1969 and 1970-1973; Annual Averages in Million Dollars and as a Percentage of Total Revenue for each State.

State Governments:	1958-1961				1962-1965				1966-1969				1970-1973			
	(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)	(a)	(b)	(c)	(d)
Johore	5.55	16.2	4.65	13.6	5.25	13.8	5.68	14.2	5.50	11.5	7.03	14.7	7.07	11.0	9.11	14.2
Kedah	4.52	25.9	1.83	10.5	4.60	23.5	2.33	11.9	4.75	17.7	3.55	13.2	5.79	17.1	4.20	12.4
Kelantan	3.85	38.5	0.49	4.9	3.93	30.4	0.61	4.7	3.88	23.7	0.83	5.1	4.32	21.5	1.04	5.2
Malacca	2.95	33.5	0.67	7.6	2.90	33.1	0.64	7.4	2.93	26.1	0.70	6.3	3.16	22.8	0.77	5.6
Negri Sembilan	3.18	21.7	1.43	9.7	3.22	19.1	1.65	9.8	3.21	14.7	1.85	8.5	3.72	12.4	2.31	7.7
Pahang	3.10	19.5	0.86	5.4	3.05	13.1	1.44	6.2	2.19	5.5	1.83	4.6	3.79	6.5	4.95	8.5
Penang	4.04	29.2	0.92	6.6	4.04	28.8	0.94	6.7	4.07	23.5	1.08	6.2	4.41	17.0	1.41	5.4
Perak	6.71	16.1	8.87	21.3	6.67	13.9	8.08	16.9	6.54	10.8	10.77	17.8	8.08	9.8	15.22	18.5
Perlis	1.15	45.2	0.04	1.6	1.23	41.4	0.05	1.7	1.16	31.5	0.07	1.9	1.44	28.3	0.09	1.9
Selangor	5.79	16.6	5.13	14.7	5.82	12.8	6.76	14.9	5.79	9.9	8.77	15.0	8.50	9.3	13.05	14.3
Trengganu	2.76	24.9	0.40	3.6	2.90	18.1	0.91	5.7	2.89	18.5	1.35	8.6	3.41	16.4	1.35	6.5

Sources: States' Financial Statements 1958-1973, and Table 1.

Note: (a) Capitation Grants in Million Dollars.

(b) equals (a) as a Percentage of individual State's Total Revenue.

(c) State Road Grants in Million Dollars.

(d) equals (c) as a Percentage of individual State's Total Revenue.

income lower than the national average.<sup>109</sup> There were several States with lower than average income, but only two States received such a grant in 1974: Kelantan and Perlis. The BG due to Kelantan, based on its unaudited 1973 accounts, amounted to \$3,563 million, of which \$1.2 million and \$.3 million were received in 1974 and 1975 respectively.<sup>110</sup> Perlis received BG amounting to \$4 million in September 1975.<sup>111</sup>

Parliament approved the RGG Bill on December 14, 1976.<sup>112</sup> In the Dewan Raayat, the Finance Minister, Tengku Razaleigh, explained that this grant was intended to increase the financial assistance given to State Governments but it should be used only for carrying out specific development projects: water supply, public housing, industrial estates development and other development projects approved by the NFC.<sup>113</sup> It was created, he continued, on the premise that State Governments should also benefit from the growth of Central revenue since that growth is a product of Centre-State efforts. Furthermore, some Central Government decisions could also result in new expenditure commitments for the State Governments, for example, its decision to implement the Cabinet Committee Report on Wages and Salaries.

The RGG is payable only when the Central Government's revenue in a given fiscal year and after deducting tin duties and taxes raised under the Road Traffic Ordinance, 1958, increases by more than 10% over the previous year's collection.<sup>114</sup> The maximum amount of RGG distributed to the State Governments should not exceed \$50 million per year so as not to adversely affect the Central Government's capacity to meet other expenditure commitments.<sup>115</sup> The Finance Minister, however, is empowered to vary the total amount to be disbursed to States.<sup>116</sup>

109. Auditor-General, Report on the Account of the State of Kelantan, 1974, Kuala Lumpur, Govt. Printer, 1977, p.49.

110. ibid.

111. Auditor-General, Report on the Account of the State of Perlis, 1974, Kuala Lumpur, Govt. Printer, 1977, p. 28.

112. Treasury, op.cit., p. 78. See Federation of Malaysia, Laws of Malaysia, Act 181, Revenue Growth Grant Act, 1977, Kuala Lumpur, Government Press, March 1977.

113. MPD, op.cit., cols. 7185-7187. See also Federation of Malaysia, Laws of Malaysia, Act 181, Revenue Growth Grant Act, 1977, Section 6.

114. See Federation of Malaysia, op.cit., Section 2(2). Tengku Razaleigh argued in the Dewan Raayat that in the calculation of the RGG revenue from export duties on tin and the Traffic Ordinance taxes have been excluded because these are partly shared with the State Governments through the assignment of tin export duty grant and the road grants. See MPD, op.cit., col. 7186 and Treasury, op.cit., p. 78.

115. Treasury, ibid.

116. See Federation of Malaysia, op.cit., Section 3 (a).

The first 50% of the total RGG to be disbursed will be distributed equally. The second 50% will be distributed on the basis of the population of each State as determined at the last census taken before the preceding financial year, at two shares for the first 500,000 of the State's population, one share for the next 500,000 and one-half share for the remainder.<sup>117</sup>

The first payment of the RGG was made in 1977 and totalled \$49.8 million.<sup>118</sup> Column (a) of Table 7 indicates the allocation of the RGG to each State in Peninsula Malaysia. Table 7 uses the divergence index to establish the effective weightage given to population and income (measured in Gross Domestic Product - GDP) in the distribution of the RGG to the States.<sup>119</sup> The effective weightage given to population can be seen if the State's share in the RGG is compared with its share in the total Peninsula Malaysia population. The effective weightage on income can be similarly measured by comparing the State's share in the total RGG with its share in the total Peninsula Malaysia GDP. The divergence index then is the quotient of each comparison multiplied by 100. On population, Column (d) indicates that the divergence index for a State is closely inversely related to the State's percentage share of the total population in Column (c). In other words, the smaller the State's share in the total population the bigger the divergence index for that State, and the more it tends to benefit from the system of RGG. On income, Column (f) indicates that the divergence index for a State is similarly closely inversely related to the State's percentage share of the total Peninsula Malaysia's GDP in Column (e). Thus, the smaller the State's percentage share in the total Peninsula Malaysia's GDP, the bigger the divergence index for that State and the more it tends to benefit from the system of RGG. The Table seems to confirm the Treasury's claim regarding the method of allocating RGG that

"This method of payment is designed to favour States with smaller population who are less developed and whose revenue bases are normally much narrower."<sup>120</sup>

The system of RGG seems to indicate the Central Government's willingness to initiate an approach that would benefit the fiscal capacity of low income States.

117. ibid. Section 4 (a) and (b).

118. NST, 11.1.77. The total was for Malaysia as a whole.

119. Bhabatosh Data used the divergence index in assessing the financial transfers of India's Seventh Finance Commission. See Bhabatosh Datta, "Our Crumbling Federal Finance System: Seventh Finance Commission's Award", Economic and Political Weekly, January 13, 1979, pp. 71-78.

120. Treasury op.cit., pp. 78-79.

Table 7: Divergence Index (1977).

State Governments: *	Revenue Growth Grants in \$ Million (a)	Shares in Total of Revenue Growth Grants in % (b)	Weightage on Population		Weightage on Gross Domestic Product (GDP)	
			Shares in Total Pop. of Peninsula Malaysia (1975) in % (c)	Divergence Index 1 (d)	Shares in Total Pen. Malaysia GDP (1975) in % (e)	Divergence Index 2 (f)
Perak	4.8	11.5	17.4	66.1	15.4	74.7
Johore	4.6	11.0	14.5	75.9	14.8	74.3
Kedah	4.3	10.3	10.6	97.2	7.1	145.1
Selangor	4.3	10.3	19.1**	53.9	29.5	34.9
Penang	4.0	9.6	8.6	111.6	9.1	105.5
Kelantan	3.9	9.4	7.6	123.7	3.6	261.1
Pahang	3.6	8.6	6.1	141.0	5.8	148.3
Negeri Sembilan	3.5	8.4	5.5	152.7	6.1	137.7
Malacca	3.2	7.7	4.5	171.1	4.0	192.5
Trengganu	3.2	7.7	4.7	163.8	2.9	265.5
Perlis	2.3	5.5	1.4	392.9	0.9	611.1

Source: Calculation based on Revenue Growth Grant figures in Malaysian Parliamentary Debates, Dewan Raayat, vol. 11, no. 68, 14-12-1976, and population and GDP figures from Federation of Malaysia, Third Malaysia Plan (1976-1980), pp. 204 and 208.

Note: Divergence Index 1 =  $\frac{(a)}{(b)} \times 100$ . Divergence Index 2 =  $\frac{(b)}{(e)} \times 100$ .  
\* excluding Sabah and Sarawak, \*\* including the Federal Territory.

In Parliament Tengku Razaleigh stated that

"The Federal Government finds it timely to give these grants because the State Governments' financial sources are limited, and they cannot meet their increasing expenditure... with these grants the Federal Government hopes that they will be able to implement their development projects more smoothly."<sup>121</sup>

The RGG are, however, conditional grants in that the State Governments will receive the RGG only when the Central Government revenue increases by 10% or more in a given financial year and they are required to use these grants, as mentioned earlier, only for specific development projects. Abdullah Ayab claimed that the limitations placed on the use of the RGG were designed to encourage the State Governments to place greater emphasis on basic socio-economic requirements and a higher rate of economic expansion.<sup>122</sup>

On October 10, 1979 the Deputy Finance Minister, Rafidah Aziz, introduced the Revenue Growth Grant (Amendment) Bill in Parliament in order to make amendments to the Revenue Growth Grant Act, 1977.<sup>123</sup> She explained to the Dewan Rakyat that in 1978 Central Government revenue did not increase by 10% and thus RGG were not allocated to the States.<sup>124</sup> Therefore, she continued, to improve the States' financial position further, the Bill proposed several amendments so that States should still receive the RGG whenever there is an increase in Central Government's revenue in a given financial year, and the maximum amount of RGG was increased from \$50 million to not more than \$100 million.<sup>125</sup> Of this \$100 million the first \$50 million would be allocated based on the present system and the next \$50 million based on such State's per capita GDP as a proportion of the national average per capita GDP, both of which would be determined by the Central Government.<sup>126</sup> The latter method of allocation was considered suitable and necessary, Rafidah Aziz argued, to enable the less developed States to increase the pace of their development so that the gap between them and the more developed States could be narrowed.<sup>127</sup> These amendments, she explained, apart from helping States to finance development, were

121. NST. 11.1.77.

122. Abdullah Ayub, op.cit., p. 311.

123. MPD, Vol. 1, No. 73, 10.10.79, col. 39. Act A475 is the approved version of the Bill. See Federation of Malaysia, Laws of Malaysia, Act A475, Revenue Growth Grant (Amendment) Act, 1980, Kuala Lumpur, Government Press, 31.1.80.

124. MPD, op.cit., col. 39.

125. ibid, col. 40. See also Federation of Malaysia, op.cit., Section 2.

126. MPD, ibid, col. 40 and Federation of Malaysia ibid, Section 5.

127. MPD, ibid, cols. 40-42.

aimed at assisting the States, especially the underdeveloped ones, in coping with the rising operating expenditure brought about by the increasing pace of development.<sup>128</sup> Nevertheless, several MPs argued for even more financial help to be given to underdeveloped States and that States should be closely supervised in the use of such help.<sup>129</sup>

The new RGG are still conditional grants although the conditions governing their allocations are now more generous. There are two conditions governing their use.<sup>130</sup> First, the allocation of RGG out of the first fifty million dollars to each State is for generally supplementing its revenue and thus there are no "strings" attached as to how this portion of the RGG is used. Second, however, the allocation of the second fifty million dollars to each State can be used only, as before, for specific development projects. In the case of the first, the conditions governing the RGG's use are more generous.

Central grants and allocations comprise the Capitation and State Roads Grants, Balancing Grant and the RGG, grants from the State Reserve Fund (SRF),<sup>131</sup> other conditional grants and Assignment of a Percentage of Export Duty on Minerals. Together, they make up a significant proportion, although unequal, of each State's yearly total revenue. Table 1 indicates this. On a per capita basis the amounts of Central grants and allocations made to States are also unequal. Table 8 indicates this. Table 9 again uses the divergence index to establish if there was any effective weightage given to population and income (measured in GDP) in the distribution of total Central financial transfers to States. On population column (c) indicates that the highest divergence index is 173.3 for Trengganu and the lowest is 73 for Penang. For four States - Kedah, Negri Sembilan, Perak and Selangor - the divergence ratio is between 90 and 110. If the range is extended to 20 percent either way, Johore, Kelantan and Malacca will come in. Pahang and Perlis have divergence indices of 159.6 and 150 respectively. In the main, population appears important in determining the pattern of Central financial transfers to the States. On income, column (e) indicates that the highest divergence is 312 for Trengganu and the lowest is 52.6 for Selangor. Only Perak, Johore and Negri Sembilan are within the

128. ibid., cols. 40-41.

129. ibid., cols. 43-66 and MPD, Vol. 1, No. 75, 12.10.1979, cols. 31-39.

130. Federation of Malaysia, op.cit., section 7.

131. This will be discussed later with regard to the problem of fiscal imbalances since grants out of the SRF had been used solely to meet the deficits of some States.

**Table 8:** Central Grants and Allocations per Capita in Malaysian Dollars, 1958-1961, 1962-1965, 1966-1969, 1970-1973, and 1974-1975 (Annual Averages) and 1958-1975 Overall Annual Average.

State Governments:	1958-1961	1962-1965	1966-1969	1970-1973	1974-1975	1958-1975 Average
Johore	7.94	8.48	10.12	8.81	11.12	9.09
Kedah	8.74	9.11	11.94	11.09	14.68	10.72
Kelantan	8.55	9.33	10.84	11.02	14.48	10.44
Malacca	13.66	12.26	12.72	12.34	12.87	12.76
Negri Sembilan	12.69	11.82	13.16	13.41	13.74	12.88
Pahang	11.90	16.65	22.09	17.68	14.13	16.75
Penang	8.60	7.94	8.38	8.29	9.79	8.47
Perak	9.36	10.41	13.05	15.45	16.35	12.54
Perlis	14.96	14.14	22.77	19.59	29.34	19.14
Selangor	8.68	9.31	9.29	13.07	78.55	17.69
Trengganu	11.71	24.11	24.26	18.51	18.12	19.47

Source: Calculated from Table 1 and population figures from Department of Statistics, Annual Statistical Bulletin, 1958-1975.

Table 9:

Divergence Index, 1958-1973 Average.

State Government:	Weightage on Population (1958-1973 average)			Weightage on Gross Domestic Product (GDP - 1965-1970 average)	
	Shares in Total Central Grants & Allocations 1958-73 average (a)	Shares in Total Pen. Malaysian Population 1958-73 average (b)	Divergence Index 1 = $\frac{(a)}{(b)} \times 100$ (c)	Shares in Total Pen. Malaysian GDP 1965-70 average (d)	Divergence Index 2 = $\frac{(a)}{(d)} \times 100$ (e)
Johore	11.6	14.9	77.9	13.2	87.9
Kedah	10.2	10.9	93.6	7.0	145.7
Kelantan	7.0	7.9	88.6	3.5	200.0
Malacca	5.2	4.7	110.6	3.7	140.5
Negri Sembilan	6.3	5.8	108.6	5.9	106.8
Pahang	8.3	5.2	159.6	5.6	148.2
Penang	6.5	8.9	73.0	8.9	73.0
Perak	19.4	18.8	103.2	18.9	102.6
Perlis	2.1	1.4	150.0	0.9	233.3
Selangor	15.4	17.1	90.1	29.3	52.6
Trengganu	7.8	4.5	173.3	2.5	312.0

Source: Calculations based on Table 1, population figures from Department of Statistics, Annual Statistical Bulletin, 1958 to 1973 and GDP figures from the Third Malaysia Plan, 1976-1980, p. 201.

Note: Column (a): Total Central Grants and Allocations comprise Capitation and State Road Grants, grants from the State Reserve Fund, other conditional grants and assignments of a Percentage of Export Duty.



divergence ratio of 80 and 120, suggesting that income is not similarly as important as population in determining the pattern of Central financial transfers to the States. However, interestingly, column (e) suggests an inverse relationship, although not in direct proportion with column (d). This suggests that some low income States tend to benefit more from the present system of Central financial transfers to States.

Expenditure.

The Constitution specifies the areas of responsibilities for both the Central and State Governments as enumerated in the Legislative Lists.<sup>132</sup> Recall that, among others, the financial autonomy of States was sought through transferring previously State responsibilities to the Central Government, and thus reducing the areas of State responsibility.<sup>133</sup> Central and State Governments can spend money, through the Supply Bill, within their areas of competence. Parliament is responsible for legislation relating to financial and accounting procedure.<sup>134</sup> Before promulgating such legislation the Central Government has to consult the NFC. The "essential provisions" and all the State Constitutions affirm that no moneys shall be withdrawn from the State Consolidated fund "except in the manner provided by Federal Law."<sup>135</sup> Accordingly, Parliament enacted two important Ordinances: the Financial Procedure Ordinance 1957, and the Audit Ordinance, 1957. Both came into force on January 1958.<sup>136</sup> Sheridan commented that

"While the validity of certain provisions of the Financial procedure Ordinance, 1957, might, perhaps, have been challenged by a vigilant State Government, the financial system created by Part IV of that Ordinance has been accepted and is in operation in the States."<sup>137</sup>

The Financial Procedure Ordinance did not confer upon the States financial authorities the power of virement but such power was conferred upon the Central Treasury<sup>138</sup> in relation to heads of expenditure in the Central Estimates. Thus, as Sheridan commented,

132. Ninth Schedule of the Constitution.

133. See Chapter 1.

134. Federal List, Section 7 (f) and (g) of the Constitution.

135. Eighth Schedule, Section 17 (2) of the Constitution.

136. This being the date appointed under the former Ordinance, pursuant to Article 165(4) of the Constitution, for the coming into force of the provision of Part VII of that Constitution.

137. Sheridan, L.A., et.al., Malaya and Singapore, the Borneo Territories: The Development of their laws and constitutions, London, Stevens and Sons, 1961, p. 94.

138. Section 15(4) of the Financial Procedure Ordinance.

"Since every State spends federal money, the Federation has, through the federal constitution and federal law, virtually complete control over the principles of State finances and financial procedures, subject to the (somewhat nebulous) control of the NFC, on which the State representatives outnumber those of the Federation."<sup>139</sup>

In August 1961, several amendments to the Financial Procedure Ordinance, 1957, were effected through "The Financial Procedure (Amendment) Bill".<sup>140</sup> In the Dewan Raayat, The Finance Minister, Tan Siew Sin, claimed that the Bill had the consent of the State Governments through their participation in the NFC which agreed to the terms of the draft Bill on June 9, 1961.<sup>141</sup> Of special interest to the States was Clause 10 of the Bill which sought to ensure, as explained by Tan Siew Sin, that as far as possible any surplus monies held by the State Government should be invested locally and the Treasury's approval should be obtained before such monies were invested in other than on deposit in licensed banks in the Federation or in securities issued by the Central Government.<sup>142</sup> Thus, he emphasised that this

"will enable the Minister of Finance to ensure that the Federation has the first opportunity of putting to good use any surplus funds which may be available to the States."<sup>143</sup>

This provision further tightens the Central Government's control over State finances.

A large portion of both Central and State Governments' expenditures go toward personal emoluments. The Constitution empowers the Central Government to control the size and salaries of the States' public services. Central Government approval is required for any State which wants to expand its establishment or the establishment of any of its departments or alter the rates of established salaries and emoluments if the effect of this is to increase the Central Government's financial liability over pensions, gratuities or similar allowances for

139. Sheridan *op.cit.*, P .95. States usually had to 'clear' their estimates with the Central Treasury before submitting them to their respective State Legislative Assemblies. Johore, however, because it was a rich State, only had to consult the Treasury regarding its estimates. See Subramaniam, Margaret, "A Survey of Comparative Attitudes of the Higher Civil Servants, Federal and State", Graduate Exercise, Faculty of Economics and Administration, University of Malaya, 1970/1971, p. 11.

140. See Malayan Parliamentary Debates (MPD), Dewan Raayat, Vol. 111, No. 14, 8.8.61. col. 1444.

141. *ibid.*, cols. 1445-1446.

142. *ibid.*, col. 1466.

143. *ibid.*

which it is responsible.<sup>144</sup>

The Central Government had previously conducted reviews of salary schemes. Such reviews affect the salaries paid to personnel of both the Central and State Governments' Civil Services. Thus, Central Government decisions on salary schemes will increase States' financial burden regarding personal emoluments. Several States have been increasingly dependant on Central financial help to meet the additional expenditure on personal emoluments after every Central Government's pay review. The Finance Minister, Tan Siew Sin, admitted in the Dewan Raayat on January 19, 1967, that the Central Government's pay reviews had substantially increased the States' financial commitments.<sup>145</sup> Consequently, he continued, in 1965 and 1966 for example the

"Federal Treasury had, on a number of occasions, no choice but to issue money from the State Reserve Fund to some States, a few of which had literally no money to pay even the current salaries and wages of their employees."<sup>146</sup>

He warned, however, that

"the Federal Government will not consider any request for help from any State unless the Treasury is satisfied that the State concerned has practised the utmost economy and done everything it could to help itself by increasing its revenue to the maximum extent possible from the sources available to it."<sup>147</sup>

In 1971, SRF grants to subsidise the cost of arrears arising from the implementation of the recommendations of the Suffian Salaries Commission totalling \$1.3 million, \$1.18 million and \$1.3 million were granted to Kedah, Kelantan, and Trengganu respectively.<sup>148</sup> The States' operating expenditure increased in 1977 by 45 percent, due mainly to the increase in salaries because of the implementation of the Cabinet Recommendations following the Central Government's rejections of of the Ibrahim Ali Salaries Report. The implementation of the new salary schemes was expected to cost the State Governments \$140 million. The Treasury reported:

144. Articles 98 and 112 of the Constitution. Pensions and gratuities relating to all Officers, Central or State, are paid by the Central Government and are charged on the Federal Consolidated Fund.

145. Malaysian Parliamentary Debates (MPD), Dewan Raayat, Vol. 111 No. 15, 19.1.67, col. 2600.

146. ibid.

147. ibid., col. 2601.

148. Auditor-General, Report on the Account of the Federation of Malaysia, 1971, Kuala Lumpur, Government Printer, 1973, p. 172.

"A number of State Governments have approached the Federal Government for financial assistance to meet this cost and so far the Federal Government has received total requests of about \$90 million."<sup>149</sup>

Table 10 compares the Central and State Governments' expenditure. It indicates that State Government expenditure as a whole, and more so individually, is quite dwarfed by that of the Central Government. Although both the Central and State Governments expenditures grew in the period 1958 to 1975, the all States' percentage has fallen during the same period. Table 11 indicates that the Central Government has a higher per capita expenditure compared to that of the State Governments for the period 1958 to 1975. Both the Central and State Governments per capita expenditures grew during the same period. However, with the exception of Pahang and Selangor, each State's per capita expenditure as a percentage of the Central Government's per capita expenditure has, in varying degrees, fallen during the same period. The all States' percentage has also fallen during this period. Tables 10 and 11 indicate the dominance of the Centre in the public sector expenditure structure.

Central grants and allocations make up an important percentage of each State's expenditure. Table 12 indicates this. The annual average percentage for each State for the 1958 to 1975 period exceeds 24 percent and in Perlis's case exceeds 60 percent. The disparity in the percentages among the States indicates the differences in fiscal capacities among States and consequently the level of dependance on Central Grants and allocations in their respective expenditures. In the main, however, and with the exception of Selangor and Trengganu, each State's percentage and thus its level of dependence has fallen in the 1958 to 1975 period.

The lack of financial resources have affected States' expenditure in varying degrees, as indicated in the varying sizes of the 'surpluses' or 'deficits' of the State Governments. Table 13 indicates this. Although several States have regularly run up yearly deficits, only the expenditure pattern of the PAS-controlled Kelantan Government had been regularly and unfavourably commented upon by the Auditor-General in his reports on the accounts of that State. The Auditor-General, referring to the 1962 Kelantan Government's expenditure on the Bridge Project, commented that

<sup>149</sup>. Treasury, *ibid.*, p. 79, All the States except Negri Sembilan applied for Central Government help. The total amount granted to these States was \$75 million. Interview with Mohamad Omar.

Table 10: Comparison between Central and State Governments' Expenditure (Million Dollars), and State Governments' Expenditure as a percentage of Central Government Expenditure; 1958-1961, 1962-1965, 1966-1969 and 1970-1975 in Annual Averages.

Central Government	1958-1961		1962-1965		1966-1969		1970-1975		Annual Average Rate of Increase in Expenditure \$ Million %
	\$ Million	%	\$ Million	%	\$ Million	%	\$ Million	%	
	870.3		1421.5*		1899.7*		3445.4*		238.35
State Governments:									
Johore	32.675	3.8	42.141	3.0	47.092	2.5	76.033	2.9	4.46
Kedah	16.650	1.9	21.216	1.5	26.355	1.4	39.817	1.5	1.88
Kelantan	9.475	1.1	13.818	1.0	17.301	0.9	25.350	1.0	1.44
Malacca	7.825	0.9	8.661	0.6	10.730	0.6	15.550	0.6	0.78
Negri Sembilan	13.375	1.5	17.506	1.2	21.560	1.1	36.217	1.4	1.75
Pahang	14.750	1.7	19.653	1.4	32.304	1.7	73.283	2.8	4.38
Penang	13.225	1.5	13.620	1.0	15.761	0.8	26.567	1.0	0.94
Perak	40.025	4.6	49.071	3.5	60.884	3.2	91.567	3.5	5.06
Perlis	2.550	0.3	3.241	0.2	3.787	0.2	5.800	0.2	0.31
Selangor	32.250	3.7	43.690	3.1	56.143	3.0	148.250	5.6	11.92
Trengganu	12.325	1.4	18.439	1.3	17.847	0.9	24.033	0.9	1.33
All States Total	195.125	22.4	251.101	17.7	309.764	16.3	562.467	16.3	34.26
									14.7

Source: Federation of Malaya and Malaysia, Financial Statements, 1958-1975 and State Financial Statements, 1958-1975.

Note: \* inclusive of Sabah and Sarawak from 1964.

Table 11: Comparison between Central and State Governments' Expenditure per capita (Annual Averages in Malaysian Dollars), and the State Governments' Expenditure per capita as a percentage of Central Government Expenditure per capita, 1958-1961, 1962-1965, 1966-1969 and 1970-1975.

	1958-1961		1962-1965		1966-1969		1970-1975		Annual Average Increase in Expend. per capita 1958-75 in \$
	Amount	%	Amount	%	Amount	%	Amount	%	
Central Government.	126.9		165.9*		186.7*		299.3*		15.9*
State Governments:									
Johore	31.9	25.1	35.8	21.6	35.6	19.1	53.6	17.9	2.4
Kedah	21.9	17.3	25.0	15.1	27.8	14.9	38.0	12.7	1.3
Kelantan	17.3	13.6	22.3	13.4	25.1	13.4	33.7	11.3	1.5
Malacca	24.3	19.1	23.3	14.0	25.6	13.7	34.9	11.7	1.2
Negri Sembilan	33.1	26.1	37.6	22.7	41.9	22.4	67.9	22.7	2.5
Pahang	43.2	34.0	50.6	30.5	73.4	39.3	126.8	42.4	5.9
Penang	21.3	16.8	19.6	11.8	20.5	11.0	31.3	10.5	0.7
Perak	30.1	23.7	32.7	19.7	35.4	19.0	53.3	17.8	2.3
Perlis	26.1	20.6	29.6	17.8	31.6	16.9	43.4	14.5	1.8
Selangor	28.9	22.8	34.1	20.6	38.7	20.7	80.6	26.9	5.3
Trengganu	40.6	32.0	53.6	32.3	46.0	24.6	70.7	23.6	2.5
All States Average	29.0	22.9	33.1	20.0	36.5	19.6	57.7	19.3	2.8

Source: Table 9 and population figures from Dept. of Statistics Annual Statistical Bulletin.

Note: \* inclusive of Central Government expenditure in Sabah and Sarawak from 1964.

Table 12: Central Government Grants and Allocations as a percentage of States' Expenditure 1958-1961, 1962-1965, 1966-1969 and 1970-75 (Annual Averages).

State Governments:	1958-1961	1962-1965	1966-1969	1970-1975	Annual Average
Johore	28.0	25.2	26.2	17.8	24.3
Kedah	51.2	42.0	43.4	32.3	42.2
Kelantan	59.9	48.2	41.3	36.2	46.4
Malacca	69.3	53.0	46.5	33.5	50.6
Negri Sembilan	45.6	32.6	28.2	19.5	31.5
Pahang	33.6	38.7	32.3	12.3	29.2
Penang	45.6	41.5	39.7	29.2	39.0
Perak	35.5	33.7	32.8	29.2	32.8
Perlis	71.8	62.3	57.3	49.0	60.1
Selangor	33.1	29.8	25.2	42.9	32.8
Trengganu	32.9	51.5	52.2	33.8	42.6

Source: Table 1 and Table 10.

Table 13: Surpluses and Deficits of the State Governments' Budgets (Million Dollars), 1958-1961, 1962-1965, 1966-1969, 1970-1972 and 1973-1975 (Annual Averages).

State Governments:	1958-1961	1962-1965	1966-1969	1970-1972	1973-1975
Johore	+1.575	-2.149	+0.742	+0.453	-10.770
Kedah	+0.790	-1.684	+0.464	-1.131	- 4.290
Kelantan	+0.515	-0.888	-0.945	-1.354	- 1.980
Malacca	+0.995	+0.096	+0.473	-0.014	- 0.260
Negri Sembilan	+1.275	-0.628	+0.281	-3.865	- 4.770
Pahang	+1.170	+3.604	+7.428	-8.746	-21.840
Penang	+0.605	+0.404	+1.579	-1.176	+ 1.340
Perak	+1.625	-1.104	-0.284	+3.825	-10.030
Perlis	0.0	-0.283	-0.088	-0.006	+ 0.050
Selangor	+2.650	+1.750	+2.312	-0.346	-20.290
Trengganu	-1.255	-2.425	-2.250	-0.533	+18.120

Source: Table 1 and Table 10.

Note: + indicates surplus and - indicates deficit.



"Unless...the existing levels of ordinary revenue and expenditure alter substantially, it appears that the State will be unable to meet the anticipated expenditure of \$5 m upon the completion of the Bridge in 1963 and 1964 unless it is able to raise a loan from the Federal Government."<sup>150</sup>

After protracted discussion the Central Government in 1969 agreed to grant a loan of \$4.2 million to the Kelantan Government to cover the cost of the Bridge Project.<sup>151</sup>

#### Fiscal Imbalances and their Adjustments.

Centre-State financial relations in Peninsula Malaysia have been influenced by the problem of financial imbalances. There are, as discussed earlier, two types of financial imbalances: Central/State or vertical imbalance and the State/State or horizontal imbalance. Both affect the States' ability to achieve their expenditure objectives more effectively.

In Peninsula Malaysia, vertical imbalance describes a situation in which State Governments are unable to finance their own expenditure on their limited field of responsibility from their own sources of revenue. There is thus a fiscal gap, as columns (c) and (d) of Table 14 indicate, due to the difference between the States' expenditure and their domestic revenue. It implies that States do not possess tax powers or the financial autonomy commensurate with their fields of responsibility. Thus, since the Central Government controls the major revenue sources and States' borrowing, vertical imbalance denotes the States' need and dependance, although in varying degrees, on financial support from the Central Government. This imbalance would worsen if States' development expenditure<sup>152</sup> were to be taken into account and would increasingly emphasise the role of Central financial transfers in Centre-State financial relations. The all States' average in Table 14 indicates that the size of the fiscal gap in terms of amount and percentage, columns (c) and (d) respectively, has been increasing during the 1958-1975 period. This suggests that, as a whole, the States' financial capacity to meet their responsibilities has fallen during the same period.

Horizontal or fiscal imbalance in Peninsula Malaysia describes a situation in which the different States have different fiscal capacities as indicated by the differing sizes of the fiscal gap in columns (c) and (d) of Table 14. The fiscal imbalance of some of the States is evidently

150. Auditor-General, Report on the Account of the State of Kelantan, 1962, p. 4.

151. See footnote 61.

152. See Chapter 4.

Table 14. States' Fiscal Imbalances, 1958-1961, 1962-1965, 1966-1969 and 1970-1975 (Annual Averages in Million Dollars).

State Governments:	1958-1961					1962-1965					1966-1969					1970-1975				
	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	(e)
Johore	25.10	76.8	7.575	30.2	24.5	29.365	69.8	12.776	30.2	24.9	35.492	75.2	11.601	24.9	27.4	55.86	73.5	20.173	36.1	48.2
Kedah	8.92	53.6	7.730	86.7	11.8	10.651	50.2	10.611	49.8	12.5	15.366	58.2	10.989	47.8	16.3	23.59	59.2	16.227	68.8	28.1
Kelantan	4.31	45.5	5.165	119.8	7.9	6.271	45.7	7.548	54.3	10.1	9.214	52.9	8.088	47.1	13.5	14.38	56.7	10.970	76.3	23.6
Malacca	3.40	43.5	4.425	130.1	10.5	4.170	48.2	4.492	51.9	11.2	6.217	57.9	4.513	48.8	15.2	5.61	36.1	9.940	177.2	15.3
Negri Sembilan	8.55	63.9	4.825	56.4	21.2	11.172	64.0	6.334	36.1	24.0	15.767	73.3	5.799	26.7	31.5	23.66	65.3	12.557	53.1	51.7
Pahang	10.97	74.4	3.780	34.5	32.1	15.658	79.7	3.996	20.3	40.2	29.288	90.6	3.017	9.4	63.5	53.52	73.0	19.763	36.9	140.1
Penang	7.80	59.0	5.425	69.6	12.6	8.378	61.9	5.243	37.9	12.0	11.091	70.8	4.670	29.3	14.4	18.32	69.0	8.247	45.0	26.7
Perak	24.45	68.6	12.575	45.8	20.7	31.415	64.0	17.657	36.0	20.9	40.650	66.8	20.234	33.2	25.1	62.07	67.8	29.497	47.5	41.9
Perlis	0.72	28.2	1.830	254.8	7.4	0.939	30.1	2.303	69.9	8.6	1.498	39.9	2.290	60.1	12.4	2.95	50.9	2.850	96.6	27.4
Selangor	24.23	75.1	8.020	33.1	21.7	32.440	74.9	11.250	25.2	25.4	44.301	80.8	11.843	19.8	29.5	74.21	50.1	74.040	99.8	59.0
Trengganu	7.01	56.9	5.315	75.8	23.1	6.531	36.4	11.901	63.6	19.2	6.288	35.4	11.560	64.6	16.1	14.36	59.8	9.673	67.4	42.3
All States Average	11.68	65.8	6.060	51.9	17.6	14.272	62.5	8.560	59.9	19.0	19.560	69.5	8.600	44.0	24.1	31.68	62.0	19.45	61.4	45.8

Source: Calculated from Tables 1 and 10, Population figures from Department of Statistics, Annual Statistical Bulletin, 1958-1975.

Note: (a) Total State Domestic Revenue in Million Dollars,

(b) equals (a) as a % of Total State Expenditure.

(c) Fiscal Gap - Total State Expenditure less Total State Domestic Revenue (Million Dollars).

(d) equals (c) as a % of (a).

(e) per capita Domestic Revenue (tax ratio) =  $\frac{\text{total State population}}{\text{total State Domestic Revenue}}$  in Dollars.

changing and is greater than that of the others. Column (e) of Table 14 compares the fiscal performance of various States in terms of the per capita domestic revenue (tax ratio). It indicates that, in varying degrees, each State's tax ratio, hence its fiscal performance, has improved for the 1958-1975 period. When the States' annual average tax ratios are compared to their annual average per capita GDP, the pattern that emerges suggests that, in the main, there is a direct relationship between a State's tax ratio and the level of its economic development (measured in GDP). Table 15 suggests this.

There are several reasons, apart from the fact that States do not possess tax powers commensurate with their responsibilities, for the existence of fiscal imbalances in the States of Peninsula Malaysia. First, as indicated earlier, State Government revenues are not as elastic and productive as that of the Central Government's. Second, State Governments' operating expenditure is, to a certain extent, dictated by Central Government policies especially that regarding the revision of salaries in the public sector since it has been the Central Government's policy to standardise salaries throughout the Federation. Third, State Governments do not directly benefit from income tax and export duties revenue generated by the output of their development projects because this revenue accrues to the Central Government. Thus, State Governments' revenues have not been able to increase significantly. Fourth, the Central Government provides the bulk of the financing for States' development expenditure but the States have to maintain these development projects and thereby imposing additional strain on the States' operating expenditure. Finally, the States may not have been efficient, for whatever reasons, in generating enough revenue from their assigned sources of revenue.

Fiscal imbalances are adjusted usually with two things in mind. First, to fill the States' fiscal gap (vertical adjustment). Second, to equalise inter-State fiscal capacities - to establish fiscal equity among the various States (horizontal adjustment). Fiscal imbalances may be adjusted by:

- 1) Central grants and allocations;
- 2) transferring more State functions to the Central Government;
- 3) increasing the fiscal autonomy of the State Governments by a redistribution of tax powers from the Central Government to the State Governments (tax devolution); and
- 4) changing the ratio of distribution under the tax revenue-sharing arrangements.

Table 15: States' per capita Domestic Revenue (tax ratio) 1958-1975 Annual Average, compared to States' per capita Gross Domestic Product (GDP) 1965-1975 Annual Average.

State Governments:	Per Capita GDP		Per Capita Domestic Revenue (tax ratio)	
	Amount in Dollars	Rank	Amount in Dollars	Rank
Selangor	1676	1	36.7	2
Negri Sembilan	1087	2	34.3	3
Penang	1060	3	17.6	8
Pahang	1033	4	76.9	1
Perak	991	5	28.8	5
Johore	964	6	33.1	4
Malacca	847	7	13.3	11
Perlis	676	8	15.4	9
Kedah	670	9	18.4	7
Trengganu	602	10	27.1	6
Kelantan	474	11	14.9	10

Source: Table 14 and Table 1 of Chapter 4.

The Constitutional prescription for achieving States' financial autonomy in Peninsula Malaysia has been based on transferring functions to the Centre (adjustment (2)) rather than providing States with more tax-revenue powers (adjustment (3)).<sup>153</sup> The Centre is provided with the power and responsibility of adjusting fiscal imbalances. This it has done, since Independence, by increasing and introducing new Central grants (adjustment (1)) and changing the ratio of distribution under the tax revenue-sharing arrangements (adjustment (4)).<sup>154</sup> Thus, for the States of Peninsula Malaysia, Central grants and allocations and tax revenue-sharing arrangements represent the main sources for the adjustment of fiscal imbalances. These include, in the main, the capitation and State road grants, lately the balancing and revenue growth grants, other conditional grants and the assignment of a percentage of export duty on tin, iron ore and other minerals. On top of this the Central Government also makes grants out of the State Reserve Fund (SRF).

SRF grants have usually been used to overcome the difficulties of some of the deficit States.<sup>155</sup> These grants are made on an ad hoc basis and thus do not constitute an assured source of income to the States.<sup>156</sup> Table 16 indicates the distribution of such grants. The final decision on the amount of grants out of the SRF rests with the Central Government and not with an independent and impartial body.<sup>157</sup> In this the States are merely consulted through their representatives on

153. See Chapter 1.

154. There have, however, been calls for adjustment (3) - tax devolution - to be also used in adjusting fiscal imbalances. Interview with Tan Sri Datuk Ahmad Nordin. See also Berita Harian, 9.11.78 and NST, 23.6.80.

155. Article 109(6) of the Constitution governs the use of the SRF for grant purposes. It provides that "the Federation may from time to time, after consultation with the National Finance Council, make grants out of the State Reserve Fund to any State for the purpose of development or generally to supplement its revenue."

156. There is usually a two year gap, after each financial year, before SRF grants are made because they are awarded on the basis of the audited account for the deficit year. These grants are made based on the recommendation of the Treasury Committee within the NFC. Interviews with Mohamad Omar and Tan Sri Datuk Ahmad Nordin. For a study of this NFC's committee work from 1960-1965, see Holzhausen, op.cit., pp. 149-152.

157. The method of making SRF grants is rather subjective. This has encouraged States to practice deficit financing because they know that deficits will be covered by SRF grants. Interview with Tan Sri Datuk Ahmad Nordin. Table 13 indicates that the States' financial position has worsened from 1958 to 1975, with the exception of Penang, Perlis and Trengganu.

Table 16: Total Central Grants from the State Reserve Fund for each State (in Thousand Dollars).

State Governments:	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Johore	-	-	-	-	-	25	630	-	-	657	-	-	-	-	-	-	-	-
Kedah	1065	-	-	-	2700	-	2818	1643	4500	1000	1000	1000	1000	-	-	-	-	-
Kelantan	90	45	-	-	402	3269	-	2821	1500	-	1321	3388	-	1180	3878	-	-	1861
Malacca	133	-	-	-	-	-	-	-	-	-	400	-	-	-	3878	-	-	-
Negri Sembilan	337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pahang	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Penang	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Perak	-	-	-	-	-	1263	-	-	-	-	-	-	-	-	-	-	-	-
Perlis	282	2000	243	815	-	-	-	-	1826	698	450	-	-	-	-	-	-	-
Selangor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trengganu	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: State Financial Statements., 1958-1975.

the (simply advisory) NFC. A comparison of Tables 16 and 13 indicates that between 1958 and 1975 SRF grants were made to cover the deficits of only certain States. It suggests that not all deficits in the States' accounts were accepted as 'real' deficits. When the States' deficits and surpluses are compared with their wealth or level of income (measured in per capita GDP as a percentage of the Peninsula Malaysia mean), as in Table 17, it indicates that, in the main, richer States tended to have bigger deficits compared to poorer States.

Central grants and allocations to States have to vary within wide limits because the financial capacities and needs of the State Governments vary within wide limits. However, in Peninsula Malaysia, in comparing the per capita annual average State domestic revenue with the per capita total State revenue (including Central grants and allocations) for the 1958-1975 period, it is evident that the pattern of disparity among the States is not much changed. Table 18 illustrates this. It thus suggests that Central grants and allocations have not done much to equalise the financial capacities of States and that Central transfers for fiscal adjustments are not based solely on the criterion of financial need.<sup>158</sup> In this context, the new Revenue Growth Grant is a move in the right direction since it tends to benefit low income States more than the higher income States.

In Peninsula Malaysia, the Central Government and Parliament control the levels and types of financial transfers to States even for constitutionally guaranteed grants like the capitation and State road grants. In this the NFC, discussed later, acts only as a consultative and advisory body. In India the (also advisory) Finance Commission and Parliament, hence the Central Government, determine the levels and types of financial transfers to States.<sup>159</sup> A novel way of handling such financial transfers is provided by the example of the Commonwealth Grants Commission in the Australian Federation.<sup>160</sup>

#### Co-ordination of Centre-State Financial Relations.

The problem of financial imbalance is a dynamic one. It puts a premium on the flexibility and adaptability of the financial provisions of the Constitution to meet the ever changing conditions. In Peninsula Malaysia the Constitution does provide the basis for flexibility and

158. Holzhausen was also of this opinion. Holzhausen, op.cit., p. 143.

159. See Grewal, B.S., op.cit., pp. 19-24 and May, R.J., op.cit., pp. 114-123.

160. See Lane, W.R. "The Grants Commission and Equalisation Grants", Publius, Vol. 7, No. 3, Summer 1977, pp. 69-99 and May, R.J. op.cit., pp. 60-66.

**Table 17: States Deficits or Surpluses (1958-1975 Average in Million Dollars ) compared to their Per Capita Gross Domestic Product (GDP) (1965-1975 Average in Million Dollars).**

<u>State Governments:</u>	<u>Deficits or Surpluses 1958-75 Average</u>	<u>Rank</u>	<u>Per Capita GDP as a % of Peninsula Malaysia Mean</u>	<u>Rank</u>
Johore	- 1.68	9	93.8	6
Kedah	- 0.97	7	65.2	9
Kelantan	- 0.85	5	46.1	11
Malacca	+ 0.39	3	82.4	7
Negri Sembilan	- 1.23	8	105.8	2
Pahang	- 2.39	11	100.5	4
Penang	+ 0.60	2	103.1	3
Perak	- 0.98	6	96.4	5
Perlis	- 0.08	4	65.8	8
Selangor	- 1.95	10	163.0	1
Trengganu	+ 1.61	1	58.6	10

Source: Table 13 and Table 1 of Chapter 4.

Note: + indicates surplus.  
- indicates deficit.



Table 18: States' per capita Domestic Revenue compared to States' per capita Total Revenue (including Central Grants and Allocations) 1958-1975 Annual Average, in Dollars.

<u>State Governments:</u>	<u>Per Capita Domestic Revenue</u> 1958-75 Annual Average		<u>Per Capita Total Revenue</u> 1958-75 Annual Average	
	Amount in Dollars	<u>Rank</u>	Amount in Dollars	<u>Rank</u>
Pahang	76.9	1	89.4	1
Selangor	36.7	2	52.5	3
Negri Sembilan	34.3	3	46.6	5
Johore	33.1	4	48.0	4
Perak	28.8	5	40.2	6
Trengganu	27.1	6	53.6	2
Kedah	18.4	7	33.5	7
Penang	17.6	8	25.4	10
Perlis	15.4	9	33.4	8
Kelantan	14.9	10	24.7	11
Malacca	13.3	11	28.8	9

Source: Table 15, Table 1 and population figures from the Department of Statistics, Annual Statistical Bulletin, 1958-1975.

change in inter-governmental financial relations.<sup>161</sup> The Central Government, advised by the NFC and through Parliament, is ultimately responsible for achieving this.

The NFC is responsible for co-ordinating Centre-State financial relations.<sup>162</sup> Article 108 of the Constitution provided for the establishment of the NFC and that it should comprise the PM, who presides (or in his absence, another Central Minister representing him and who shall preside in the PM's absence), one Central Minister appointed by the PM and one representative from each of the States appointed by the Ruler or Governor of that State. It is thus a formal Centre-State body. It shall meet at least once a year or when summoned by the PM or at the request of at least three States. It can deliberate on any matter of financial policy referred to it. The Central Government is obliged to consult the NFC on the following matters:<sup>163</sup>

- 1) the assignment to the States of the whole or any portion of the proceeds of any federal tax or fee;
- 2) any proposal to introduce a bill varying the rates of the capitation grant or affecting the receipt by a State of export duty on tin or other minerals produced in the State;
- 3) the making of grants by the Federation to the States;
- 4) the making of grants from the State Reserve Fund;
- 5) the annual loan requirements of the Federation and States and the exercise by the Federation and the States of their borrowing powers;
- 6) the making of loans to any States; and
- 7) the making of development plans.

However, the NFC's decisions are not binding. It performs merely an advisory function and the Central Government may or may not accept its recommendations. It provides, at least, a useful arena for the airing of State views regarding financial problems that affect the State. The fact that the NFC is purely advisory reduces its importance as an inter-governmental body to co-ordinate Centre-State financial relations in Peninsula Malaysia.

### Conclusion

The Constitution provided for a pattern of Centre-State financial relations which is dominated by the Central Government because it controls most of the richest and productive revenue sources and areas of

<sup>161</sup>. Articles 110(2), (3), (3A), (4) (a), 110(3B) and 112 D(s).

<sup>162</sup>. The NFC's deliberations and its reports have not been made public.

<sup>163</sup>. Articles 103 (4)-(5) and 109(6) of the Constitution.

expenditure. Thus, large scale Central transfers to the State Governments were and still are inevitable and necessary to fulfil their expenditure commitments. The level of financial dependance, however, varies from one State to another indicating the difference in their fiscal capacity. The pattern of inequalities in wealth is plainly evident among the States of Peninsula Malaysia. These inequalities resulted from a variety of factors including the unequal endowments in natural resources among the States and the differential inter-State impact of Central policy. These make it necessary that Central financial transfers should take into account the inter-State differentiation that exist so as not to worsen the inter-State inequalities. Furthermore, such transfers must be based on some notion of the 'financial need' of low income States. The introduction of the Revenue Growth Grant suggests a move towards this.

#### CHAPTER 4

##### Centre-State Financial Relations: Impact of Development.

The field of development, potentially, offers the Central Government, especially through its planning and funding, with opportunities to influence the development of the States. This chapter examines the impact of Central Government's development planning and funding on the States and on Centre-State relations. The Central Government can deliberately pursue an equalisation policy (equalising inter-State wealth and prosperity) by giving 'special preference' to 'poor' States in its development allocations. This involves a redistribution of revenue and resources from rich to poor States. Equalisation through development is one of the long-term methods for equalising the fiscal capacities of States. The decision to pursue an equalisation policy through development is essentially a political one. Political pressure for such a policy depends on the outcome of the tussle between rich and poor States.

The Constitution did not assign the subject of development to any of the Legislative Lists. However, it provided the Central Government in Peninsula Malaysia with the constitutional basis for pursuing a national development plan for 'national interests'. Article 92(1) provided that,

"If, after a recommendation from an expert committee and after consultation with the National Finance Council, the National Land Council and the Government of any State concerned, the Yang di-Pertuan Agong is satisfied that it is conducive to the national interest that a development plan be put into operation in any area or areas in one or more of the States, the Yang di-Pertuan Agong may, after publishing the plan, proclaim the area or areas as a development area; and thereupon Parliament shall have power to give effect to the development plan or any part thereof, notwithstanding that any of the matters to which the plan relates are matters with respect to which, apart from this Article, only States would have power to make laws."

This Article was recommended by the Reid Commission with equalisation as one of the goals deemed to be in the national interests.<sup>1</sup> The Commission, however, was aware that such powers over national development vested in the Central Government could undermine State autonomy and cause Centre-State conflict.<sup>2</sup> Article 92(1) in effect means that the Central Government has wide ranging powers in the area of development. What constitutes development is defined loosely as that which is "conducive to the national interest" even if such development were to impinge on States' areas of competence. The Central Government is thus

1. Reid Report, pp. 46-49.

2. ibid.

left with the responsibility and opportunity for determining what development in the national interests means. It, in addition to Article 92(1), has substantial powers over the major areas of expenditure and commands massive financial resources. It is thus placed in a dominant position vis-a-vis the States and this would tend to be further emphasised in situations of increasing demands for rapid economic development.

Development planning in Malaysia is highly centralised.<sup>3</sup> Briefly, the Central Cabinet has ultimate responsibility for planning and the National Development Planning Committee (NDPC) is responsible for the detailed consideration of many of the policy problems. The Economic Planning Unit (EPU) in the Prime Minister's Department acts as the Secretariat to the NDPC. State Government representatives on the NFC and the National Land Council (NLC) are merely consulted in the planning for national development.

The States of Peninsula Malaysia differ in size, resource endowment (both human and natural) and level of economic and social development.<sup>4</sup> The per capita State Gross Domestic Product (GDP) section of Table 1 indicates this. Although the Constitution did not assign to the Central Government the responsibility for equalising inter-State wealth and prosperity, the Reid Commission clearly expected the Central Government to commit itself to such a policy.<sup>5</sup>

As early as in 1955, before the introduction of Malaya's First Five Year Plan (FFYP, 1956-1960), there were already demands for greater Central Government effort in developing both the rural areas and the underdeveloped East Coast States of Kelantan and Trengganu. For example, Ibrahim Fikri, a Federal Councillor from Trengganu, speaking during the debate over the FFYP in the Federal Legislative Council (FLC), insisted that development allocations should be based on relative need.<sup>6</sup> The Central Government, however, in the FFYP did not commit itself to an equalisation policy. It followed the strategy of intensifying public investment in an expanding and advanced modern sector, essentially in

3. See Chapter 6.

4. For an economic analysis of these differences, see Lim Kok Cheong, "Aspects of Regional Economic Problems and Policy in Malaysia", Southeast Asian Affairs, 1979, Institute of Southeast Asian Studies, Heinemann Educational Books (Asia) Limited, 1979, pp. 200-210.

5. Reid Report, p. 61.

6. See Rudner, M., Nationalism, Planning and Economic Modernisation in Malaysia: The Politics of Beginning Development, Beverley Hills, Sage Publications, 1975, p.43.

Table 1: Communal Distribution in the Peninsula States (1973) in Percentage compared with  
Per Capita State Gross Domestic Product, 1965, 1970, 1975 and 1980.

Peninsula States:	Communal (1973) Distribution %			Rank	Per Capita State Gross Domestic Product															
	Malay %	Non-Malay %			1965				1970				1975				1980			
		Chin.	Ind.		(a) \$	(b) %	(c) R.	(a) \$	(b) %	(c) R.	(a) \$	(b) %	(c) R.	(a) \$	(b) %	(c) R.				
Trengganu	93.7	5.5	0.8	1	449	52.8	10	592	59.8	10	765	61.5	10	1316	69.8	8				
Kelantan	92.5	5.6	1.9	2	369	43.4	11	463	46.8	11	589	47.3	11	842	44.6	11				
Perlis	79.0	16.5	4.5	3	536	63.1	8	665	67.2	8/9	828	66.6	8/9	1094	58.0	10				
Kedah	70.6	19.3	10.1	4	518	60.9	9	665	67.2	8/9	828	66.6	8/9	1101	58.4	9				
Pahang	61.0	31.4	7.6	5	928	115.5	2	975	98.5	5	1197	96.2	5	1486	78.8	6				
Johore	53.4	39.5	7.1	6	729	85.8	6	900	90.9	6	1262	101.4	4	1726	91.5	4				
Malacca	51.9	39.5	8.6	7	638	75.1	7	798	80.6	7	1106	88.9	6	1469	77.9	7				
Negri Sembilan	45.2	38.2	16.6	8	901	106.0	3	979	98.9	4	1382	111.1	2	1817	96.3	3				
Perak	43.0	42.5	14.5	9	891	104.8	4	981	99.1	3	1101	88.5	7	1583	83.9	5				
Selangor	34.6	46.6	18.8	10	1493	175.6	1	1617	163.3	1	1917	154.1	1	2655	140.8	1				
Penang	30.6	56.3	13.1	11	870	102.4	5	987	99.7	2	1323	106.4	3	2357	125.0	2				

Source: Population figures from Dept. of Statistics Annual Statistical Bulletin; Second Malaysia Plan, 1970-1975, p. 18; Third Malaysia Plan, 1976-1980, pp. 201-202 & 204; Fourth Malaysia Plan, 1981-1985, p. 101.

Note: Chin. = Chinese; Ind. = Indian; Rank for communal distribution is based on percentage share of Malays.

(a) \$ = amount in dollars per capita;

(b) % = (a) as a percentage of peninsula States mean average per capita GDP which equalled 1965 (\$850), 1970 (\$990), 1975 (\$1244) and 1980 (\$1886).

(c) R. = rank.

the West Coast States, convinced that this would generate "spill over" or "linkage" effects and thereby inducing progress in the backward areas of the East Coast States especially.<sup>7</sup> This strategy was heavily criticised.<sup>8</sup> The Central Government was accused of favouring the West Coast States and demands for an equalisation policy giving priority in development allocations to the East Coast States were made. In 1958, in the wake of an economic recession that hit the East Coast States hardest, Tuan Hj. Abdul Khalid warned the FLC that to neglect these States would create "extreme dissatisfaction" and would endanger the "spirit of Federation".<sup>9</sup> Despite calls for an equalisation policy, the Central Government continued its former strategy in the Second Five Year Plan (1961-1965).<sup>10</sup>

The First Malaysia Plan (FMP), 1966-1970<sup>11</sup>, contained two objectives that might be implied to indicate the Central Government's commitment not to perpetuate inter-State differences indefinitely. These objectives<sup>12</sup> were:

- "1) to promote integration of the people and States of Malaysia by embarking upon a development plan explicitly designed to promote the welfare of all, and
- 2) to improve the economic and social well being of all sectors of the population and to redress the imbalance between rural and urban areas."

However, the Central Government, in making its development plan allocation, preferred looking at differences in the level of socio-economic development from a geographical point of view and not from that of the constituent States.<sup>13</sup> The Central Government divided Malaysia into two geographical regions: West (Peninsula) Malaysia and East Malaysia.

The States of Peninsula Malaysia were treated collectively as a unit. No attempt was made to equalise the large differences in the level

7. See Malaya, Economic Secretariat, A Plan of Economic Development for Malaya, 1956-1960., Kuala Lumpur, Government Press, 1956; Federation of Malaya, Report on Economic Planning in the Federation of Malaya, 1956, Kuala Lumpur, Government Press, 1957; and Rudner, M., op.cit., p. 43.

8. ibid.

9. ibid.

10. Federation of Malaya, Second Five Year Plan, 1961-1965, Kuala Lumpur, Government Press, 1961.

11. Federation of Malaysia, First Malaysian Plan, 1966-1970, (FMP), Kuala Lumpur Government Press, 1965.

12. FMP, p. 2.

13. The need to equalise wealth and prosperity among the States of Peninsula Malaysia was not even mentioned in the FMP. The Table showing the allocation of public development expenditure was according to two geographical regions, East and West Malaysia. See FMP, pp. 69-70.

of socio-economic development between the much poorer East Coast States of Peninsula Malaysia.<sup>14</sup> Holzhausen remarked that

"the large public investment expenditures foreseen under the development plan in the Federal Capital and in the industrial towns on the West Coast tend to further aggravate the already existing differences in the level of development in West Malaysia."<sup>15</sup>

The FMP's agricultural policy also did not give preference to the development schemes in the more backward States of Peninsula Malaysia. The schemes of large-scale irrigation and land development, to which the Central Government was committed to and which were partly financed by the World Bank, were selected for their productive viability rather than for reasons of equity.<sup>16</sup>

The Second Malaysia Plan (SMP), 1971-1975<sup>17</sup>, committed the Central Government to more action towards achieving inter-State equalisation in Peninsula Malaysia. In this the SMP aimed to correct economic imbalance and achieve regional balance. Regarding economic imbalance, the SMP pointed out that

"the imbalances of pressing concern occur in the pattern of ownership and control of economic activity, in the distribution of income as well as in employment."<sup>18</sup>

14. The equalisation policy was aimed essentially at uplifting the economically backward States of East Malaysia, see FMP, p. 71.
15. Holzhausen, W., Federal Finance in Malaysia, Kuala Lumpur, Penerbit University, Malaya, 1974, p. 39.
16. Such schemes included the Muda (Kedah) and Kemubu (Kelantan) irrigation projects for the double cropping of rice, and the Jengka Triangle land development projects in Pahang.
17. Federation of Malaysia, Second Malaysia Plan, 1971-1975, (SMP), Kuala Lumpur, Government Press, 1970. The SMP continued the practice of treating East Malaysia separately and as an area of special development needs. It required, and received, extra money from a Central Government that felt a special responsibility over it. Significantly, the East Coast States of Peninsula Malaysia which were equally poor and with less potential than the East Malaysian States of Sabah and Sarawak were not equally treated by the Central Government. There seemed, however, to be a bargaining dimension as to why the East Malaysian States were 'favoured'. According to sources with the Economic planning Unit, Sabah and Sarawak fought very hard for what they wanted from the Central Government in development projects and they invariably got practically what they asked for in the SMP. The Peninsula Malaysian States, however, traditionally did not place so much emphasis on acquiring Central Government development largesse per se and had been somewhat disappointed accordingly. See Osborn, James, Area, Development Policy and the Middle City in Malaysia, University of Chicago, Department of Geography, Research Paper No. 153, 1974, pp. 96-97.
18. SMP, p. 36.



Economic balance would be achieved by various means including regional development and an increase in the role of the States. The strategy would aim at increasing rural incomes, especially in the rural areas of the East Coast of Peninsula Malaysia, and at urbanisation and industrialisation programmes leading to greater geographic dispersal of industries.<sup>19</sup>

Regarding regional imbalance, the SMP proposed the modernisation of rural areas through the location of projects in specific regions. It hoped that these projects

"will help to reduce the marked economic disparity among the States and within each State that now exists."<sup>20</sup>

Such projects were regional in scope and located in States with per capita incomes well below the national average and designed to raise farm incomes.<sup>21</sup>

The SMP, however, did not provide a breakdown of its plan allocation to the States of Peninsula Malaysia. The Mid-Term review of the SMP indicated, however, that the States Economic Development Corporations (SEDC) were allocated \$192.93 million.<sup>22</sup> The SEDCs were expected to provide a strong stimulus to develop less-developed States and widen opportunities for Malays and other indigenous people in these States to engage in a wide range of commercial and industrial activities.<sup>23</sup> Public Authorities were also allocated development funds to be expended in the States. Although no breakdown in terms of States was provided, Public Authorities were allocated \$1,187 million for the SMP period.<sup>24</sup>

The Mid-Term Review admitted that economic imbalances existed between States and that the less-developed East Coast and the rice-growing Northern States of Peninsula Malaysia had a relatively small share of the national income.<sup>25</sup> These States not insignificantly were and still are heavily Malay populated States. Table 1 illustrates this

19. ibid., pp. 43-45.

20. ibid., p. 46.

21. Such projects included the Jangka Triangle and Pahang Tenggara areas in Pahang, Johore Tengah and Tanjong Penggerang regions in Johore, the Muda, Kemubu and Besut irrigation schemes. See ibid.

22. Federation of Malaysia, Mid-Term Review of the Second Malaysia Plan, 1971-1975, Kuala Lumpur, Government Press, 1973, p. 167. The SEDCs are usually chaired by the Mentri Besars or Chief Ministers and they operate at State level. They are involved in sponsoring a variety of activities ranging from industrial and commercial projects to housing and agricultural projects.

23. ibid., p. 16.

24. See Federation of Malaysia, Third Malaysia Plan (TMP), 1976-1980, Kuala Lumpur, Government Press, 1975, p. 233.

25. Federation of Malaysia Mid-Term Review of the Second Malaysian Plan, p. 17.

relationship between low income States (measured in per capita GDP) and the ethnic distribution in the States. The Review stated that

"In so far as these inequalities coincide with the higher proportion of Malays and other indigenous people in the poor States, the reduction of regional disparities will be an important means to bring about the overall racial balance."<sup>26</sup>

The Review also noted that each State's economy showed striking differences.<sup>27</sup> More than 90% of manufacturing output originated from the more developed West Coast States of Penang, Perak, Selangor, Negri Sembilan and Johore, with Selangor alone accounting for more than 50%. These States also contributed more than 80% of mining output and, together with Kedah, almost 80% of the agricultural output. Furthermore, all States, except Selangor and Penang, depended predominately on the primary sector.

It was made clear that regional development was expected to reduce the marked economic disparities which existed between States.<sup>28</sup> This strategy would involve the full exploitation of presently untapped economic resources, especially in the less-developed States, the promotion of population migration to areas with large economic potential and the expansion of the infrastructure and social services in those States and areas which now lag in development so as to achieve greater balance between the various regions and people residing there.<sup>29</sup>

The Review re-affirmed the Central Government's commitment to shift or disperse the location of industries from the more developed West Coast States of Peninsula Malaysia.<sup>30</sup> In its own words

"The dispersal of industries to new growth centres and to the relatively undeveloped States, is an important element under the Plan for industrial development.... Besides the development of infrastructure, free trade zones and industrial estates have also been located in the less developed States in the effort to encourage dispersal of industries from Malaysia's main urban conurbations."<sup>31</sup>

The activities of the Federal Industrial Development Authority (FIDA) and the Malaysian Industrial Development Finance Limited (MIDF) for example were aimed at encouraging this. From 1970 to 1973, the MIDF increased its lending to projects in less-developed States such as

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26. ibid.

27. ibid.

28. ibid., p. 18.

29. ibid.

30. ibid., p. 19.

31. ibid., p. 143.

Kedah, Kelantan, Perlis and Sarawak by \$11.3 million.<sup>32</sup> The Locational Incentive Scheme was introduced to attract investment in less-developed States.<sup>33</sup>

The Third Malaysia Plan (TMP), 1976-1980, proposed to pursue more systematically the eradication of inter-State inequalities. These inequalities were unambiguously viewed from the position of the constituent States. The Plan argued that

"As a result of historical patterns of development the different States and regions of Malaysia have shown very different rates of development, resulting in very unequal distribution of income, amenities and opportunities. To overcome existing inequalities, a shift in the pattern of investment is necessary giving more emphasis to the less developed States."<sup>34</sup>

Accordingly, the TMP emphasised that

"The States and regions which have experienced the least development so far and which thus contain the most poverty will be given the highest priority."<sup>35</sup>

Such low income and high priority States included Kedah, Perlis, Kelantan, Trengganu and Malacca as well as Sabah and Sarawak. Under the Plan they would be receiving considerably increased allocations.<sup>36</sup> The relative position of these States were expected to be improved by policies and programmes aimed at improving the States' agricultural productivity, developing their physical infrastructure, establishing new growth centres, promoting industrial development and locating a greater variety of Government establishments in these States.<sup>37</sup>

The TMP's regional development plans were designed to avoid the continuation of development trends that occurred in the sixties. It was convinced that if such development trends were continued it

"will exacerbate further the current disparities between the States."<sup>38</sup>

32. ibid., p. 144, The Malaysian Industrial Estates Sdn, Barhad also planned to build factories in industrial estates in less developed States. See ibid., p. 149.

33. ibid., p. 149. On January 23, 1975, Kelantan, Trengganu, Perlis, Sabah and parts of Pahang, Kedah and Johore were declared "development priority areas" under the Locational Incentive Scheme. Treasury, Economic Report, 1976/77, p. 123.

34. TMP, p. 217.

35. ibid., p. 39. See also Mohd. Nor Abdul Ghani "Evaluation Techniques in Malaysia", Socio Economic Research and General Planning Unit, PM's Department, Kuala Lumpur, Paper presented at the UN Educational, Scientific and Cultural Organisation on Regional Seminar on the Application of Evaluation Techniques in Social Action Projects in Asia, Kuala Lumpur, 20-30 November, 1977, p. 11.

36. TMP, p. 39.

37. ibid., pp. 205 and 236.

38. ibid., p. 214.

Regional development was aimed not only at bringing about closer integration among the States of Malaysia but also at pushing development further to the less-developed States in order to increase the per capita GDP in the least developed States.<sup>39</sup> The TMP's commitment to an equalisation policy has been further re-inforced in the Fourth Malaysian Plan (FoMP), 1981-1985.<sup>40</sup>

Central Government development planning and implementation, apart from eroding certain States' areas of competence and thus their autonomous action, significantly affects intergovernmental financial transfers. This is so simply because development planning determines where and how money is to be spent. If equalisation is one of the aims of a national development plan, as the TMP and FoMP declared, then it would be reasonable to expect that the development plan allocations to States should be based on their levels of income (measured in GDP) and aim in the long-term at equalising their relative levels of income.

Table 2 shows the TMP's original and revised allocations to the States of Peninsula Malaysia. The assessment of the effective weightage given to income (measured in GDP) is done by comparing the shares of the States in the total allocations with their shares in the total GDP. This comparison is brought out in the form of a divergence index which is calculated by dividing the share of a State in the total allocation by its share in the total GDP and then multiplying the quotient by 100. If a State has 4 percent of the total allocations and total GDP, its divergence index will be 100 and thus its share of the total allocations corresponds to its share of the total GDP. If all the States divergence indices is 100 then it will mean that the allocations will maintain the relative income disparity between States. The equalisation of this disparity will involve progressive (higher) and regressive (lower) allocations to low income States and high income States respectively. In principle the States' income ranking (column (d) of Table 2) should be directly inversely non-match their divergence indices ranking (columns (j) and (l) of Table 2).

Table 2 indicates that, in the main, under the TMP's original allocations, low income States benefited more than higher income States. This is indicated by the generally inverse non-matching of columns (d) with (j) and the higher divergence indices in column (i). However, States did not benefit in inverse relation to their income level. For

39. ibid., p. 119.

40. Federation of Malaysia, Fourth Malaysian Plan, 1981-1985, Kuala Lumpur, Government Press, 1981.

Table 2: Third Malaysia Plan (TMP) 1976-1980: Original and Revised Allocations (after mid-term review) to States compared to States' Gross Domestic Product (GDP) 1975.

Peninsula States:	States' GDP 1975				TMP Original Allocations		TMP Revised Allocations		Divergence Indices <sup>3</sup>		
	(a) Million \$	(b) %	(c) \$ Per Capita 1917	(d) Rank	(e) Million \$	(f) %	(g) Million \$	(h) %	Original (i)	Revised (j)	Rank (l)
Selangor <sup>1</sup>	3806.0	29.5	1917	1	2903.1	21.7	3079	16.5	73.6	9	11
Negri Sembilan	782.2	6.1	1382	2	616.6	4.6	905	4.8	75.4	8	9
Penang	1181.4	9.1	1323	3	894.3	6.7	1396	7.5	73.6	9	8
Johore	1906.9	14.8	1262	4	1831.7	13.7	2620	14.0	92.6	5	5
Pahang	775.4	6.0	1197	5	2054.0	15.4	2936	15.7	256.7	1	2
Malacca	521.9	4.0	1106	6	327.7	2.5	566	3.0	62.5	11	10
Perak	1989.6	15.4	1101	7	1791.9	13.4	2476	13.2	87.0	7	7
Kedah	914.6	7.1	828	8	854.1	6.4	1261	6.7	90.1	6	6
Perlis	116.8	0.9	828	8	156.5	1.2	243	1.3	133.3	4	4
Trengganu	369.7	2.9	765	10	911.2	6.8	1491	8.0	237.9	2	1
Kelantan	466.3	3.6	589	11	1018.8	7.6	1744	9.3	211.1	3	3
All States' Total	12914.0	100	1243	-	13360.1	100	18717	100	100	-	-

Source: Calculation based on TMP, pp. 204-208 and Appendices I and II, Fourth Malaysia Plan, 1981-1985 p. 128 Tables 4-6 (for revised allocations).

Note: (1) includes the Federal Territory of Kuala Lumpur; (2) peninsula States' total less multi-state allocations not assigned to any particular State; (3) Indices calculated by dividing State's share in total TMP Allocation (in %) with State's share in total GDP (in %) and the quotient multiplied by 100; (%) column indicates % of peninsula States' total.

example, the lowest income State, Kelantan (divergence index of 211.1), benefited less than the second lowest income State, Trengganu (divergence index of 237.9), or, worse still, less than the seventh lowest income State, Pahang (divergence index of 256.7), which benefited most. Kedah and Perlis, with similar income levels, benefited differently: Perlis (divergence index of 133.3) benefited more than Kedah (divergence index of 90.1). The richest State, Selangor (divergence index of 73.6), benefited more than the sixth poorest State, Malacca (divergence index of 62.5). This distributive pattern, in the main and with some changes, is also indicated by the TMP's revised allocations to States. These changes are indicated by the increase or fall in the divergence indices column (k) ) and rank orders (column (l) ) compared to the divergence indices (column (i) ) and rank orders (column (j) ) of the TMP's original allocations. With the exceptions of Perak (fifth lowest income State) and Selangor (the richest State), the divergence indices for all the other States increased. The highest increases occurred among, in the main, low income States like Kelantan, Trengganu and Perlis with their divergence indices increasing to 258.8, 275.9 and 144.4 respectively. Thus, under the TMP's revised allocations these three States benefited even more than before. Other low income States like Kedah and Malacca did not do as well. The richest State, Selangor (divergence index of 55.9) benefited least and so it should. On the whole it would seem that the TMP's original and revised allocations, although generally benefiting the lower income States more than the higher income States, were not based on a progressively increasing scale in direct inverse relation to the decreasing income level of States as indicated by the lack of a direct inverse non-match between the States' income level ranking (column (d) ) and their divergence indices ranking (columns (j) and (l)). Thus, it would seem unlikely that in the long-term, despite the TMP's commitment to equalisation, inter-State disparity in income would be equalised. Not surprisingly and even with higher development allocations to low income States for the 1975-1980 period, there is generally, as Table 1 indicates, no improvement in the relative income (measured in per capita GDP) disparity among the various States. Only Trengganu and Penang had an improvement. This suggests that the development allocations provided by the Central Government to the States ought to be radically increased and decreased for the low and high income States respectively if equalisation of inter-State income disparity is to be achieved.

Table 3 shows the FoMP's allocations to the States of Peninsula

Table 3: Fourth Malaysia Plan (FMP) 1981-1985: Allocations to States compared to States' Gross Domestic Product (GDP) 1980.

Peninsula States:	States' GDP 1980			FMP Allocations 1980-1985		Divergence	
	\$ Million	%	\$ Per Capita	\$ Million	%	Index of FMP Allocations to States <sup>3</sup>	Rank
	(a)	(b)	(c)	(e)	(f)	(g)	(h)
Selangor <sup>1</sup>	4144	22.5	2655	3676.76	15.8	70.2	10
Penang	2286	12.4	2357	1236.02	5.3	42.7	11
Negri Sembilan	1090	5.9	1817	1131.19	4.9	83.1	7
Johore	2941	16.0	1726	2929.18	12.6	78.8	8
Perak	2967	16.1	1583	2834.04	12.2	75.8	9
Pahang	1281	7.0	1486	2944.00	12.7	181.4	3
Malacca	708	3.8	1469	939.76	4.0	105.3	6
Trengganu	759	4.1	1316	2023.11	8.7	212.2	2
Kedah	1291	7.0	1101	2388.68	10.3	147.1	4
Perlis	172	0.9	1094	304.16	1.3	144.4	5
Kelantan	786	4.3	842	2847.75	12.2	283.7	1
All States' Total 2	18425	100	1886	23254.65	100	100	-

Source: Fourth Malaysia Plan 1981-1985, p. 101 & p. 246.

Note:

(1) Inclusive of the Federal Territory of Kuala Lumpur; (2) All States' Total less Multi-State Allocations - allocations not assigned to any particular State; (3) Divergence Index calculated by deviding States' share of total FMP allocation (in %) with States' share in the total GDP (in %) and the quotient multiplied by 100 .  
(%) column indicates % of peninsula States' total.

Malaysia and the divergence index method used in Tables 1 and 2 is again used. It again indicates that generally low income States benefited more, now much more than during the TMP period, than high income States. The lowest income State, Kelantan (divergence index of 283.7), benefited most but the second lowest income State, Perlis (divergence index of 144.4), benefited less than the third, fourth and sixth lowest income States of Kedah (divergence index of 147.1), Trengganu (divergence index of 212.2) and Pahang (divergence index of 181.4) respectively. There is still, however, no direct inverse non-match between the States income level ranking (column (d) ) and their divergence indices ranking (column (h) ). This suggests that equalisation, also one of the FOMP's aims, is still not systematically pursued.

The Central Government since the FMP has shifted its perception of inter-State inequalities in Peninsula Malaysia from that based on geographical regions to that of the constituent States of the Federation. But why? The conflict over equalisation is essentially between 'rich' and 'poor' States. The Central Government's response to such conflict will depend partly on the States' bargaining position and power. It may well be that the States which are politically strong will insist on obtaining at least a fair share of the Central development expenditure. The Central Government's attempts at equalising inter-State wealth through development allocations may well reflect this political position. In this context political harmony must be paid for by some redistributive effort. There is a communal complexion to the income disparity between 'rich' and 'poor' States: Malays are heavily concentrated in the relatively poorer States, as Table 1 indicates. Thus reducing the income gap between Malays and Non-Malays (one of the TMP's and FOMP's aims) requires also an equalisation policy to eradicate inter-State disparity in income. When the States communal distribution in their population is compared to their per capita GDP and divergence indices, as Table 4 does, a striking pattern emerges: there is almost a direct matching of rank order between columns (a) and (d) of Table 4 but, in the main, there is also an inverse non-matching between these columns and column (b). Further, the five States with more than 61% Malays in their population have divergence indices well above 100, thus indicating that they benefited most from the TMP's and FOMP's allocations. Four of the five States, the exception being Pahang, are also the poorest States. Malacca, the fifth poorest State, with 51% of Malays, benefited much less than Pahang, the sixth poorest State with 61% Malay. Table 4 suggests that communal considerations are important



Table 4: States' Per Capita GDP (Averages for 1975 and 1980) and their Divergence Indices (Average for the Third Malaysia Plan's Original and Revised Allocations, and the Fourth Malaysia Plan. Allocations) compared to the Communal Distribution of their Population (1973 in percentage).

Peninsula States:	Communal Distribution in Percentage				Per Capita GDP		Divergence Index	
	Malays	Non-Malays		Rank	as a % of Malaysia Mean	Rank	Index	Rank
		Chinese	Indians	(a)		(b)	(c)	(d)
Trengganu	93.7	5.5	0.8	1	66.5	8	242.0	2
Kelantan	92.5	5.6	1.9	2	45.7	11	251.0	1
Perlis	79.0	16.5	4.5	3	61.4	10	140.7	4
Kedah	70.6	19.3	10.1	4	61.6	9	110.5	5
Pahang	61.0	31.4	7.6	5	85.7	6	233.3	3
Johore	53.4	39.5	7.1	6	95.5	4	88.7	6
Malacca	51.9	39.5	8.6	7	82.3	7	80.9	8
Negri Sembilan	45.2	38.2	16.6	8	102.2	3	79.1	9
Perak	43.0	42.5	14.5	9	85.8	5	82.8	7
Selangor <sup>1</sup>	34.6	46.6	18.8	10	146.1	1	66.6	10
Penang	30.6	56.3	13.1	11	117.6	2	66.2	11

Source: Tables 1, 2 and 3 and population figures from Dept. of Statistics Annual Statistical Bulletin, 1973.

Note: (1) Inclusive of the Federal Territory.

in the redistributive effort that benefited the poorest States with high Malay concentration.

The bulk of the allocation to each State under the TMP would be spent by the Central Government and its Statutory Authorities. Table 5 indicates this. Financially at least, the State Governments, even including their own SEDCs<sup>41</sup>, role in development appears small. On the organisational plan, there has been a proliferation of Central Government-owned Statutory Authorities and these include the recently established Regional Development Authorities (RDA). Table 6 shows the TMP's allocations to RDAs. The RDAs are Centrally-funded and controlled and have been established to pursue 'regional' development and the creation of 'centres of growth'. The Secretary-General of the Ministry of Finance, Abdullah Ayub, admitted that

"the implementation of the concept of regional development and the creation of centres of growth has further reduced the responsibility of State Governments in the development field to an even greater extent. The State Governments have also reluctantly accepted the growing influence and responsibility of the Federal Government in initiating and implementing vast development schemes such as that undertaken by the Muda Agricultural Development Authority which manages the rice bowl of the country in Kedah, and the several gigantic land development schemes ... such as Pahang Tenggara and the Johore Tenggara and Kemubu scheme in Kelantan".<sup>42</sup>

Both financially and organisationally the development efforts appear to have been decentralised through a large number of implementing agencies of which the State Government is only one of many.

The Central and State Governments' development budgets are financed from the Federal Development Fund and the State Development Fund respectively. The Development Fund is a trust fund and is regulated by law.<sup>43</sup> Central and State Governments' development expenditures out of their respective Funds are made only after the development estimates have been duly approved by the Dewan Raayat and the State Legislative Assembly respectively.

41. The SEDCs are owned by the State Governments and they have been institutionalised through State legislation. Since Trade, Commerce and Industry, including the incorporation, regulation and winding up of corporations are within the Federal list of the constitution (ninth schedule, List 1 and Federal List, section 8), Parliament has empowered States through the incorporation (State Legislative Competency) (Amendment) Act, 1973, to enact relevant laws to develop State Development Corporations.
42. Abd. Ayub, "Financial Provisions of the Malaysian Constitution and their Operation in Practise", in M. Suffian Hashim, et.al., The Constitution of Malaysia: Its Development, 1957-1977, Kuala Lumpur, Oxford University Press, 1978, pp. 313-314.
43. The Development Funds Act, 1966, being the current law regulating the use of the Development Fund.

Table 5: Third Malaysia Plan (1976-1980) Allocations to States- Breakdown into Spending Authorities in Million Dollars.

Peninsula States:	Central Government		State Governments		Statutory Authorities		Total
		%		%	State Govt. owned	Central Govt. owned %	
Johore	1327.74	72.5	88.09	4.8	78.3	4.3 37.48	18.4 1831.7
Kedah	636.53	74.5	20.65	2.4	115.1	13.5 81.84	9.6 854.1
Kelantan	816.54	80.1	17.65	1.7	81.2	8.0 103.44	10.2 1018.8
Malacca	212.83	64.9	6.88	2.1	36.5	11.1 71.50	21.8 327.7
Negri Sembilan	395.75	64.2	19.76	3.2	48.5	7.9 152.56	24.7 616.6
Pahang	1763.68	85.9	81.15	4.0	48.4	2.4 160.87	7.8 2054.0
Penang	372.40	41.6	29.94	3.3	52.4	5.9 439.54	49.1 894.3
Perak	1175.20	65.5	114.45	6.4	62.3	3.5 439.94	24.6 1791.9
Perlis	116.42	74.4	1.00	0.6	32.5	20.8 6.57	4.2 156.5
Selangor	886.01	62.7	202.51	14.3	66.4	4.7 258.20	18.3 1413.1
Trengganu	695.28	76.3	27.75	3.0	60.1	6.6 128.09	14.1 911.2
All States* Total*	8398.48	70.8	609.80	5.1	681.7	5.7 2180.03	18.4 11870.01

Source: Third Malaysia Plan, 1976-1980, Appendices I & II.

Note: (%) columns indicate the amount as a percentage of Total Authorities Spending in the respective State.

\* Exclusive of the Federal Territory of Kuala Lumpur.

Table 6: Third Malaysia Plan Allocations to Regional Development Authorities in Million Dollars.

<u>Peninsula States:</u>	<u>Regional Development Authorities</u>	<u>Amount \$ Million</u>
Johore	Johore Tengarra Deveolpment Authority	89.4
Kedah	Muda Agricultural Development Authority (MADA)	2.9
Kelantan	Kemubu Agricultural Development Authority	0.8
Malacca		
Negri Sembilan		
Pahang	Jengka Triangle Pahang Tengarra Development Authority	96.2 142.2
Penang		
Perak		
Perlis		
Selangor		
Trengganu	Trengganu Tengah Development Authority	63.5

Source: Third Malaysia Plan, 1976-1980, Appendices I & II.

The income of the Federal Development Fund<sup>44</sup> is derived from:

- 1) transfer of money from the Revenue Account;
- 2) loans floated locally and abroad; and
- 3) grants from foreign countries or institutions.

The income of the State Development Fund<sup>45</sup> is derived from these sources:

- 1) transfers of money from the State Revenue Account;
- 2) loans from the Central Government; and
- 3) Reimbursement from the Central Government.

Sources 2) and 3) are open to influence by the Central Government and source 3) in fact constitutes extra-constitutional grants made on the basis of States paying first and being reimbursed later by the Central Government. States' development projects under the reimbursable category include those for State roads, agriculture, forestry and drainage and irrigation.<sup>46</sup> In some cases States also carry out projects under the national development plan on behalf of the Central Government. In these cases the Central Government reimburses the States for their expenditure and issues clear cut directions and planning guidelines to them.<sup>47</sup>

Table 7 compares the Central and State Governments' development expenditure for the 1961-1975 period. It indicates that each State Government's development expenditure is very small and is getting smaller. Table 6 also reflects this. Table 7 also indicates that despite the increase in per capita actual expenditure for all States, excepting Perlis, the all State Governments percentage has fallen during the 1961-1975 period. This emphasises the increasing dominance of the Central Government in the development area. Furthermore, as Table 8 indicates, Central Government reimbursements and loans contribute significantly to the financing of the State Governments' development expenditure. However, the amount of Central Government reimbursement and loans as a percentage of State Governments' development expenditure has generally been decreasing from 1967 onwards and hence the State Government dependence on the Central Government has similarly decreased. Taken separately, the Central Government loans and reimbursement percentage has generally been increasing and decreasing respectively from 1967 onwards. Abdullah Ayub claimed nevertheless that the Central Government

44. M. Suffian, An Introduction to the Constitution of Malaysia, Kuala Lumpur, Government Press, 1976 edition, p. 183.

45. See State Financial Statements.

46. M. Suffian, op.cit., p. 183.

47. Holzhausen, W., op.cit., p.43.

**Table 7: Comparison between Central and State Governments' Actual Development Expenditure, 1961-1965, 1966-1970 and 1971-1975 (Annual Average) in Million Dollars.**

Governments:	1961-1965		1966-1970		1971-1975	
	Total Actual Development Expenditure in \$ Million	Per Cap. \$	Total Actual Development Expenditure in \$ Million	Per C. \$	Total Actual Development Expenditure in \$ Million	Per Cap. \$
Central Govt.	456.0	39.21	648.8*	62.49	1496.8	128.15
States:						
Johore	14.2	12.25	14.0	10.75	25.1	17.47
Kedah	7.8	10.13	5.4	5.96	12.6	11.90
Kelantan	7.4	12.13	5.6	8.18	9.4	12.37
Malacca	4.2	11.47	3.0	7.29	6.2	13.78
Negri Sembilan	6.8	14.86	3.6	7.19	11.8	21.85
Pahang	12.8	33.50	9.8	20.77	20.2	34.24
Penang	8.2	11.95	11.8	15.25	20.3	23.60
Perak	15.2	10.26	14.2	8.76	20.2	11.61
Perlis	1.8	16.67	1.0	8.26	0.8	5.70
Selangor	18.0	14.32	19.2	12.47	56.6	30.27
Trengganu	9.0	26.48	6.0	15.14	16.9	36.74
All Peninsula States' Total	105.4	13.69	93.6	10.62	200.1	20.23

Source: Federation of Malaya and Malaysia, Financial Statements, 1961-1975; States of Peninsula Malaysia, State Financial Statements, 1961-1975; Auditor-General Report on State Accounts 1967-75; population figures from Dept. of Statistics Annual Statistical Bulletin, 1961-1975.

Note: (%) as a percentage of Central Govt. Expenditure; (\$ Per Cap.) dollars per capita;

\* inclusive of Central Govt. Expenditure throughout the Federation.

Table 8: Combined State Governments' Development Expenditure - Sources of Finance, 1967-1975,  
in Million Dollars.

Year	Development Expenditure \$ Million	Sources of Finance				From Central Government	
		From State Revenue		Reimbursement \$ Million	%	From Central Government \$ Million	Loan Fund \$ Million
		\$ Million	%				
1967	153	61	39.9	57	37.3	35	22.9
1968	182	94	51.6	64	35.2	24	13.2
1969	216	141	65.3	56	25.9	19	8.8
1970	241	154	63.9	51	21.2	36	14.9
1971	240	155	64.6	46	19.2	39	16.3
1972	317	231	62.3	62	16.7	78	21.0
1973	332	211	63.6	69	20.8	52	15.7
1974	490	125	25.5	102	20.8	263	53.7
1975	572	319	55.8	95	16.6	158	27.6

Source: Treasury, Economic Report, 1977-1978, Table 4.10.

Note: (%) columns indicate amount as a percentage of Total Annual Development Expenditure.

had to increase its reimbursable grants to States because some State Governments were reluctant to spend money on development and had tended to leave the responsibility for the provision of infrastructural facilities and development programmes to the Central Government.<sup>48</sup> He concluded:

"The Federal Government, therefore, has been taking on far greater responsibilities and initiative in the economic development of the States."<sup>49</sup>

The system of reimbursable grants, however, is open to abuse because once additional transfers of this kind enters into the anticipations of the State Governments the system becomes practically open ended. In this way, States may be able to use 'development planning' to put pressure on the Central Government to give them additional reimbursable grants.

#### Conclusion.

Within the field of development the Central Government, by virtue of its constitutional and financial powers, is dominant and is getting even more dominant. However, the impact of this on the States is uneven and so also is there a differential inter-State impact of Central Government economic development policy. The Central Government's economic development planning, at the informal and extra-constitutional plane, has influenced the actual organisation of Centre-State financial relations through its determination of which State should get what, when and how. The increasing demand for development, as reflected in the increasing amounts being allocated under the Central Government's development plans, has tended to emphasise and strengthen the power of the Centre in Peninsula Malaysia.

48. Abd. Ayub, op.cit., p. 313.

49. ibid.



## CHAPTER 5

### Centre-State Administrative Relations in Peninsula Malaysia - 1

This Chapter describes and maps out Centre-State administrative relations in Peninsula Malaysia as far as the available information makes this possible. It begins with a brief and general discussion of Centre-State administrative relations, then the formal elements that make up these relations and ends with a discussion of attempts by the Central Government to federalise State bureaucracies. The discussion is continued in Chapter 6 through examining certain developments that have influenced these relations since Malayan independence and in Chapter 7 through comparing the bureaucracies of Kedah and Pahang in their respective relations to the Centre.

The choice of Kedah and Pahang needs some explaining. There are eleven States in Peninsula Malaysia and it would be difficult to compare all the States. For convenience, it is necessary to narrow down the number of States to be compared to a manageable number. This has been made easier by the fact that these States can be categorised according to which type of political unit they belonged to before Independence, and especially before the Second World War. These political units were the Federated Malay States (FMS), Unfederated Malay States (UFMS) and the Straits Settlements (SS). Perlis, Kedah, Kelantan, Johore and Trengganu belonged to the UFMS; Pahang, Negri Sembilan, Perak and Selangor belonged to the FMS; and Penang and Malacca belonged to the SS.

These political units represented different types of political, administrative and financial relations with the British administration in Peninsula Malaya. As for States of the SS, these relations were 'direct' and immediate, while those with the Malay States of the FMS and UFMS were 'indirect' in the sense that they were conducted through the individual Malay Royal Heads of States, Sultans or Rajas. Although 'indirect', these relations were tighter with States of the FMS than with the States of the UFMS. As such, the degree of British penetration was higher in the former than in the latter. States, therefore, belong to three distinct and different political and bureaucratic traditions: those of the SS, FMS and UFMS. The decision to compare the bureaucracies of Pahang, a State of the former FMS, and Kedah, a State of the former UFMS, in their respective relations to the Central Government was made not randomly, but because each belongs to contrasting types.

### Centre-State Administrative Relations

The Federal Constitution assigns certain spheres of competence to both the Central and State Governments. Within these spheres both are, in principle, largely autonomous, free to legislate and frame their own policies. In principle, States should also have a comparable degree of administrative autonomy within their own spheres of competence. Centre-State administrative relations then are affected by the allocation of administrative jurisdiction between the Central and State Governments and accordingly, as Watts puts it,

"the appropriate design of administrative structure must follow the functions to be performed."<sup>1</sup>

While it may be possible constitutionally to devise neat boundaries separating the Centre and States with regard to their administrative jurisdiction, in practice the consistent pattern has been of Centre-State interdependence in the administrative field. This interdependence is affected crucially by the degree of legislative centralisation on the one hand and the degree of administrative decentralisation on the other.<sup>2</sup> This interdependence thus necessitates a certain degree of Centre-State administrative co-operation which is made even more necessary by several other factors<sup>3</sup> including constitutional inflexibility and the ever increasing pressure on the Centre for specialising or uniformalising standards in the Public Services for example.

The organisation and control of the administrative agencies - the Public Services - affect Centre-State administrative relations in crucial ways.<sup>4</sup> This is precisely because administration is crucially linked to the exercise of executive authority and the Government which organises and controls the Services is in a position to influence the degree of administrative autonomy for the Centre or State. Usually in Federations there are dual services - Central and State. The demand for separate State Services depends on the strength of Regional or State

1. Watts, R.L. Administration in Federal Systems, London, Hutchinson Educational Limited, 1970, p.57.
2. ibid., pp. 66-72.
3. For a discussion of the factors pushing towards Centre-State administrative co-operation, see ibid., Chapter 6.
4. For a general discussion see ibid., Chapter 3. For a discussion of this in the context of Indian Federalism see Morris-Jones, W.H., The Government and Politics of India., London, Hutchinson & Company Limited., Third (revised) Edition, 1971, pp. 127-143 and Chanda, A., Indian Administration, London, George Allen and Unwin Limited, 1958, pp. 93-139.

loyalties, as evident in Nigeria<sup>5</sup>, and is related to the fear that Regional or State dependance on Central Services or joint services controlled by the Centre may weaken Regional or State autonomy.

Central Services can be tools for centralisation but, equally, they can be used to generate consensus within a Federation of disparate States. In the case of the latter, the principles of efficiency and representativeness are considered crucial in the recruitment and organisation of these Services.<sup>6</sup> If the former principle is emphasised then, because of inter-Regional or inter-State differences in size, education and economic development, the Services will tend to be dominated by personnel from the more advanced Regions or States. Thus, in Nigeria, the consequence of Nigerianisation of the Central Services if not tempered by some notion of Regional balance was the regionalisation of these Services. To counter this quota systems were evolved to redress somewhat this Regional imbalance. On this Cole wrote:

"It is an open secret that the Public Service Commission gives preference to applicants from the North when the minimum of qualifications are offered. In addition, pressures have occasionally been brought on officials in the North to accept positions in Lagos."<sup>7</sup>

Not surprisingly, as Watts concluded,

"considerations of regional balance within the central civil service have been extremely, perhaps excessively, influential in Nigeria."<sup>8</sup>

In Canada also, the issue of Provincial representativeness in the Central Services has been especially acute.<sup>9</sup>

The administration of economic policy in Federations also affects Centre-State administrative relations<sup>10</sup> and especially in the fields of economic development which usually necessitates active and extensive governmental role.<sup>11</sup> The demand for rapid economic development is most insistent in 'newer' Federations: India, Malaysia and Nigeria for example. In these Federations the Centre has been allocated relatively broad powers in economic matters<sup>12</sup> but States

5. See Cole, T., "Bureaucracy in Transition" in Tilman, R.O., and Cole, T., eds., The Nigerian Political Scene, Durham, Duke University Press, 1962, pp. 89-114.

6. Watts, ibid., pp. 33-43

7. Cole, T., op.cit., p. 109

8. Watts, ibid., p. 42.

9. ibid., pp. 36-37

10. For a general early discussion, see Wheare, K.C. Federal Government, London, Oxford University Press, third edition, 1953, Chapter 7.

11. Watts, ibid., Chapter 7.

12. ibid., p. 99

also have some powers in these matters. Centre-State co-operation is thus necessary in pursuing economic development but in this the Centre, because of its dominant position in the financing of development expenditure, is able to exert considerable influence.

In 'newer' Federations national development planning is used as the vehicle for achieving rapid economic growth. Potentially, this can blur, perhaps destroy, the neat boundaries that divide the Centre from the States. Carnell for example has no doubt that

"National economic and social planning demand centralisation, which is precisely what federalism seeks to prevent... Rigorous State planning demands rigorous central control because of the need for central budgeting."<sup>13</sup>

Asok Chanda was also aware of the potential danger of national planning to federalism. He wrote:

"A constitutional charter of national planning would have inevitably encroached both on Federal and State functions."<sup>14</sup>

The federal structure in principle implies that the planning apparatus should function on the basis of co-operation and consultation between the Centre and the States, in the course of which the views and advice of the States could be taken into account. National development planning within a Federation necessarily involves a mix of very difficult financial, political and administrative exercises between the Central and State Governments. Administratively, Central initiatives in planning have spawned Central agencies and also inter-governmental bodies.<sup>15</sup> Their activities, however, need not necessarily lead toward the centralisation of power as the Indian experience suggests.<sup>16</sup>

13. Carnell, F.G., "Political Implications of Federalism in New States", in Hicks U.K., et.al., Federalism and Economic Growth in Underdeveloped Countries, London, George Allen and Unwin Limited, 1961, p. 55.
14. Chanda, A., Federalism in India, London, Allen and Unwin, 1965, p. 277.
15. Watts, R.L., New Federations: Experiments in the Commonwealth, Oxford, Oxford University Press, 1965, pp. 219-224 and 241-247.
16. See Morris-Jones, W.H., op.cit., p. 152 and also his "From Monopoly to Competition in India's Politics", Asian Review, Vol. 1, No. 1 Nov. 1967, pp. 5-6. See also Narain, I., and Mathur, P.C., "Union-State Relations in India: a case study in Rajasthan", Journal of Commonwealth Political Studies, Vol. 2, 1963-1964, pp. 120-140, and Akindele, R.A., "Federation and Development Planning: Reflections on the Experience of India (1950-66) and Nigeria (1962-68)", The Nigerian Journal of Economic and Social Studies, Vol. 13, No. 2, July 1972, pp. 221-239. For an examination of the case for national planning in Australia, see Uren, T., "The Federal Principle and National Planning", Public Administration, Vol. 34, No. 1, March 1975, pp. 98-106, and "Discussion on Mr. Uren's Paper", in ibid., pp. 107-112.

In summary, Centre-State administration relations are affected by the allocation of administrative jurisdiction to the Centre and States. However, the State Governments' effective autonomy is influenced by many factors including notably the extent to which they control the administrative agencies that execute their policies and the administrative impact of Centrally-controlled national planning.

#### Constitutional Basis

The Reid Commission accepted the need for a Civil Service which should be independent from political interference and based on merit, security of tenure and absolute freedom from the arbitrary application of disciplinary provisions.<sup>17</sup> It believed that these ought to be attainable through an independent Public Service Commission (PSC). It recommended that the provisions designed to achieve these should apply equally to Central and State Services. It also recommended that the Legislature and the Government should be responsible for fixing establishments and terms of employment, while the PSC should be responsible for the internal administration of the Service as a professional body and

"public service matters including appointments, promotions and the application, when necessary, of disciplinary provisions in respect of members of the public service."<sup>18</sup>

It further recommended that these features should also apply to State Civil Services, convinced that

"it is essential in the interests of the proper administration of the States that their Services should be controlled by an independent body in the same way as those of the Federation."<sup>19</sup>

However, it argued unconvincingly that the States should not have their own independent PSC since

"it would be uneconomic to have separate commissions operating in each State, and further we believe it would add to the efficiency of both Federal and State services if there could continue to be a considerable interchange of officers between them."<sup>20</sup>

It thus recommended that the PSC ought to have the same powers over State and Central employees.<sup>21</sup> Presumably the single PSC, through its powers over appointments and promotions, would effect that considerable interchange of officers between Central and State Services believed

17. Report of the Federation of Malaya Constitutional Commission, 1957, Kuala Lumpur, Government Press, 1957, p. 66. Referred subsequently as the Reid Report.

18. Reid Report, p. 67.

19. ibid., p. 68.

20. ibid.

21. Article 131 of the Draft Constitution.

essential to both Services' efficiency.

The commission recommended that positions in the Federation's Public Service should be divided into three categories; higher posts or Heads of departments, other posts in the permanent Public Service and temporary and casual posts. Appointments to the first should be made by the Central Government on the PSC's recommendation, the second by the PSC and the third by the department concerned.<sup>22</sup> As for the States, the Commission emphasised that

"The State Governments should also enjoy the same powers with respect to their heads of department as does the Federation."<sup>23</sup>

The question of the size of State administrative establishments was also examined by the Commission. It was concerned especially with pensionable posts within such establishments. It noted that under the existing system the Central Government was responsible for paying the pensions of all pensionable officers of the Central and State Services. It held that

"So long as this arrangement continues, the sanction of the Federation Government is, of course, necessary for an increase in the number of pensionable posts and for any increase in pensionable emoluments."<sup>24</sup>

It believed that it would be difficult to fill non-pensionable posts and consequently it followed that, under the existing arrangements,

"State establishments are virtually under federal control; and so long as it continues, the States cannot have the "measure of autonomy" contemplated by the terms of reference."<sup>25</sup>

It also believed, however, that it would be undesirable for States to assume responsibility for the payment of pensions from their limited funds. States were then already dependent on Central grants.<sup>26</sup> Its argument seemed to be that if the States were to assume this responsibility their finances would be further weakened; this would increase their dependence on Central grants and thus reduce their capacity to enjoy the needed "measure of autonomy". It further believed that the movement of staff between the Central and State Services was desirable and this should not be hindered by complications arising over pension rights.<sup>27</sup>

To overcome this unsatisfactory situation the Commission sought

22. Article 134 of the Draft Constitution.

23. Reid Report, p. 68.

24. ibid.

25. ibid.

26. ibid.

27. ibid.

some form of shared Centre-State responsibility. Thus, it recommended that

"States should be under obligation to pay each year an appropriate pensions contribution in respect of every pensionable officer in their employment and that the rate of contribution should be determined by the Federation after consultation with the National Finance Council. The appropriate rate of contribution would no doubt be the subject of actuarial calculation before the matter was referred to the National Finance Council."<sup>28</sup>

Further, State contributions should be paid into a National Pension Fund managed by the Central Treasury. Along with this financial responsibility it also recommended that

"States would have power to determine the number of pensionable posts and salaries attached to them, fully realising, of course, that every increase in the number of pensionable posts or in pensionable emoluments would increase the liability to pay pension contributions."<sup>29</sup>

These recommendations dealt generally with the control of the nature and composition of both Central and State Services. But important also was the question of who should control the activities or functioning of these Services. To avoid Centre-State conflict and to promote Centre-State administrative co-operation, the Commission recommended that

"there should be a general power of delegation conferred on both Federal and State Governments with regard to the performance of any of their executive functions."<sup>30</sup>

This meant that

"The Federal Government should be authorised to delegate any particular functions or duties to a State Government or to State Officers; and State Governments should be similarly authorised to delegate to Federal Government or Federal Officers or to any other State Government or its Officers."<sup>31</sup>

It would thus be possible for the functioning of both the Central and State Services or their respective personnel to be under the 'delegated control' of either the Central or State Governments. Any such delegation must, however,

"require the consent of the Government to which or to whose officers the delegation is made and should be on such terms and conditions as may be agreed."<sup>32</sup>

Furthermore, any Act of Parliament requiring a State to undertake

28. ibid., and Article 135 of the Draft Constitution.

29. ibid.

30. ibid., p. 36, and Article 76 of the Draft Constitution.

31. ibid.

32. ibid., p. 37.

executive authority for a specified purpose was made subject to payment to the State of the costs incurred by it.<sup>33</sup> Apart from the need to establish a framework for Centre-State administrative co-operation, these proposals were aimed also at avoiding unnecessary duplication of staff and to make full use of the available technical resources.<sup>34</sup>

The 1957 Constitution did not establish a single all-embracing PSC that had jurisdiction over both the Central and State Services as recommended by the Reid Commission. It provided that there should be a Central PSC which should on 'Merdeka' day have jurisdiction over members of the Public Services of the Federation and the States of Malacca and Penang (States of the former SS).<sup>35</sup> Other States (those of the former FMS and UFMS), however, were given the option of either establishing their own State PSC or, by State law, placing all or any persons in their State Public Services under the Central PSC.<sup>36</sup> The Constitution thus accorded to the States of the former FMS and UFMS a right that was denied the States of the former SS. This, according to Hickling, was the result of a compromise.<sup>37</sup> If, however, any of the Malay States 'after a relevant date' had not established any Service Commission 'corresponding in status and jurisdiction to the Public Service Commission', Federal law could extend, and indeed has extended, the Central PSC's jurisdiction to members of the State Service. But, excepting those of Malacca and Penang, State Civil Servants could be controlled by a body having a different composition and independent of that which control officers of the Central Government.

33. ibid., and Article 76(2) of the Draft Constitution.

34. ibid.

35. Article 139 of the Constitution. With the formation of Malaysia in 1963, the Central PSC established branches in the Borneo States. These branches have jurisdiction over members of the general Public Services of the Federation employed in the Central departments in these States. See Articles 146(1), (7) and 134(2).

36. Such laws would take effect in not less than twelve months from the date of their enactment.

37. Hickling, R.H., An Introduction to the Federal Constitution, Fed. of Malaya, Information Services, 1960, p. 56. Here Hickling argued that Malacca and Penang were treated differently because, under the respective Constitutions of these States, their Chief Ministers (CM) were to be selected from among members of the State Legislative Assemblies. The State Executive Councils (Excocs), presided over by the CMs, were responsible to the State Legislative Assemblies and the State Governors were to act on the Excocs advice. It was thus felt that the Central PSC had to have jurisdiction over these States' services so as to ensure that a body truly 'independent' of the Executive controlled them. On the other hand, in the Malay States, the need was less urgent as the Mentri Besars (MB-a post similar to the CM) might be an official (before the 1959 State Elections) appointed from outside the State Legislative Assemblies.



The 1957 Constitution also introduced the concept of 'joint services'.<sup>38</sup> Parliament was empowered to legislate for the establishment of 'joint services' common to the Federation and one or more of the States, or at the request of the States concerned, to two or more States. According to Sheridan this was designed

"To provide for the replacement of earlier arrangements under which, by virtue of an agreement between the Federal and State Governments, certain posts in the State Public Services were in fact filled by federal officers."<sup>39</sup>

Parliament, however, did not enact any law for establishing 'joint services'. The principle of and mechanism for the inter-Government secondment of officers was also established.<sup>40</sup> Secondment is used when any State Government requires the services of Central officers, when the Central Government requires the services of State officers, or when any State Government requires the services of other State officers.<sup>41</sup>

Several constitutional provisions strengthened the Central Government's powers over the State administrative body and its officers. To promote administrative convenience, Article 80(4) and (6) empowered the Central Government, after due compensation of costs incurred by the State, to compel the State and its administrative body to administer any specified provisions of Federal law. It was further empowered by Article 110(4) (b) to assign to the States the responsibility for collecting for State purposes any fee or fees authorised by Federal law. Article 93 permitted it to conduct enquiries, authorise surveys or collect and publish statistics on any matter. In the execution of such powers the State Governments and all their officers are obliged to assist. In this, the Central Government may give any directions it deems necessary. Sheridan and Groves commented:

"What is, perhaps, exceptional is the apparent right of the federal government to give directions to State government and State officers and authorities to accomplish these purposes. The article imposes a duty upon such officers and authorities to act as directed; but since the question of coercion is a difficult one, the purpose of the article is possibly merely directory."<sup>42</sup>

38. Article 133 of the Constitution.

39. Sheridan, L.A., ed., Malaya and Singapore, the Borneo Territories, The Development of their Laws and Constitutions, London, Stevens and Sons, 1961, p. 87. Such an agreement was for the time being preserved by Article 179.

40. Article 134 of the Constitution.

41. This is discussed further in Chapter 6.

42. Sheridan, L.A., and Groves, H.E., The Constitution of Malaysia, Dobbs Ferry, New York, Oceana Publications, 1967, p. 135. They

Article 94 empowered the Central Government to make all the States agriculture and forestry officers, except Sabah and Sarawak, accept its professional advice concerning their duties.<sup>43</sup> However, the means of compelling these State officers to act as advised appear, as in the case of Article 93, to be uncertain.<sup>44</sup> Interestingly also, Article 95(1) authorised the Central Government, through its officer or officers, to inspect and report on any department or work of a State Government. Article 95(3), however, reduced the scope of this Central Government scrutiny to only those departments or works involved in matters outside the exclusive authority of the States.

The Central Government was made responsible for the payment of all pensions to both Central and State Public Servants.<sup>45</sup> Thus, the practice used before Malayan independence was continued. The Reid Commission rightly considered this practice to be inimical to that "measure of autonomy" that States ought to enjoy. Its recommendation that there should be Centre-State responsibility over pensions was designed to reduce Central control over State Establishments and allow the States to enjoy that "measure of autonomy". Article 112(1) strengthened Central Government's fiscal control over the size of a State's public service. It provided with minor exceptions<sup>46</sup> that

"no State shall, without the approval of the Federation, make any addition to its establishment or the establishment of any of its departments, or alter the rates of established salaries and emoluments, if the effect of doing so would be to increase the liability of the Federation in respect of pensions, gratuities or other like allowances."

42. (Cont.) believed, however, that "fashioning an appropriate judicial remedy to accomplish the constitutional mandate is a simple matter of federal legislation. Appropriate remedy might also be found by the Courts themselves in the common law tradition."

43. Article 95E(4) of the Constitution provided the exception to Sabah and Sarawak. Agriculture and forestry are subjects on the State List. State Departments of Agriculture and Forestry in all the States, except Sabah and Sarawak, are all staffed by officers of the Central Agriculture and Forestry Services.

44. Sheridan and Groves, *op.cit.*, pp. 135-136.

45. Article 98 of the Constitution. Such payments are charged on the Federal Consolidated Fund.

46. These exceptions refer to non-pensionable posts. See Article 112(2) of the Constitution. If a State wanted to increase the size of its Establishment or upgrade posts within this Establishment, it had to apply to the Central Government, through the Public Service Department (PSD) and Treasury, for approval. According to a respondent the Central Government recently had delegated the power of creating or upgrading posts, worth about \$1,000 per month, to the State Governments. Thus the creation and upgrading of posts with this value and below needed no prior approval of the Central Government. Interview with Datuk Rozhan Kuntum, Deputy Chief Secretary to the Central Government, 19.8.80.

Thus, through fiscal control, the Central Government could limit the size and hence the 'autonomy' of a State's administrative body and its officers. Generally the Constitution has equipped the Central Government with substantial powers to penetrate and influence the functioning of a State's administrative body and its officers.

#### Central and State Public Services Commissions<sup>47</sup>

At independence, Article 139 placed the Public Services of Penang and Malacca, as well as Central Public Services, under the Central PSC's jurisdiction. The other States had two choices: either to extend the Central PSC's jurisdiction to their Public Services or to establish their own State PSCs. These States responded differently. Perlis and Negri Sembilan opted for the former<sup>48</sup> so did Pahang initially but decided later to have its own PSC.<sup>49</sup> Johore, Perak, Kedah and Kelantan passed the necessary legislation to establish their own State PSC<sup>50</sup>, while Selangor have established their PSCs under their respective State Constitutions.<sup>51</sup>

These Services Commissions are quasi-constitutional agencies. They are supposed to protect the 'civil service' and 'service standards' from political interference. They have responsibility over selection for entry into the Civil Services, Central and State as the case may be, and over promotions and discipline in the respective Services.<sup>52</sup>

47. For the history on Service Commissions in Malaya, see Tilman, R.O., *Public Service Commissions in the Federation of Malaya*, "Journal of Asian Studies", Vol. 20, Feb. 1961, pp. 181-196. He, however, failed to examine why Penang and Malacca were not given the option of establishing their own PSCs as in the Malay States.

48. Perlis (PSC (Extension of Jurisdiction)) Enactment, No. 7/58; Sembilan (PSC (Extension of Jurisdiction)) Enactment, No. 5/59.

49. Pahang (PSC (Extension of Jurisdiction)) Enactment, No. 9/58, and State Service Commission Pahang Enactment, No. 22/60.

50. Johore State PSC Enactment, Nos. 4 and 11/59 and 13/60; Perak State PSC Enactment, No. 10/59; Kedah PSC State Enactment, Nos. 4 and 9/59.

51. Selangor State Service Commission (Remuneration) Enactment, No. 16/59 under Article XVCII of its Constitution; Trengganu State Service Commission Enactment, Nos. 7 and 12/59 under Article LVI of its Constitution.

52. Proper co-ordination and co-operation between the Central and State Service Commissions were found wanting. Also lacking was a uniformity in policy and procedure. See Fed. of Malaya, Report of the Committee on the Relationships between the Federal and State Governments (confidential), Kuala Lumpur, PM's Department, Nov. 1961, p. 10.

### Central Bureaucracy

The Central Bureaucracy is made up of several services. Of these<sup>53</sup> the Malaysian Administrative and Diplomatic Service (MADS) or the Perhidmatan Tadbirdan Diplomatik (PTD), previously the Malayan Civil Service (MCS), is the most powerful and prestigious. The Malay Administrative Service (MAS), the feeder service to the MCS, was restructured to form the General Administrative Service (GAS) or the Perhidmatan Tadbir Awam (PTA). Members of the PTA could still be recruited into the PTD. The PTD and PTA are the two most important Central Administrative Services.<sup>54</sup>

The staff of each of the Central Services are classified into four divisions:

1. Division I; the administrators and professionals (usually with University qualifications),
2. Division II; the executive and technical (usually with post-secondary school qualifications),
3. Division III; the clerical and sub-professional (usually with secondary school qualifications),
4. Division IV; the unskilled.

These divisions form the horizontal structure of the Services.

The vertical structure of these Services comprises several "schemes of service".<sup>55</sup> Each scheme of Service has its own entry qualifications, salary scales, and promotion requirements. It is placed in one of the four divisions. With few exceptions, the Service's structure is rigid, vertically and horizontally. According to Esman, this has encouraged psychological and jurisdictional parochialism and discouraged self-improvement and innovation and consequently such Services

53. Other important Central Services include the Judicial and Legal Service, Agricultural Service, Audit Service, Customs Service, Education Service, Forest Service, Geological Survey Service, Medical Service, Meteorological Service, Policy Service, Postal Service, Prisons Service, Survey Service, Telecommunications Service, Town and Country Planning Service and Veterinary Service.

54. The discussion here confines itself chiefly to the two Central Administrative Services - the PTD and PTA. Depending on the context of the discussion the acronyms MCS or PTD and MAS or PTA will be used. This applies also for Chapters 6 and 7.

55. Esman noted that there were approximately 1,000 active schemes of service to govern approximately 212,000 employees in Peninsula Malaysia. See Esman, M.J., Administration and Development in Malaysia., Ithaca and London, Cornell University Press, 1972, p. 72.

"tended to be inbred and to resist external communication and pragmatic co-ordination."<sup>56</sup>

Since Malayan independence, the departments - the structural units in the pre-independent Central Government - have been placed under the control of Central Ministries.<sup>57</sup> These ministries are staffed by PTD officers and controlled by those PTD officers holding posts in the crucial divisions of planning, personnel and finance within each Ministry. Each Ministry is usually headed on the Civil Service side by the Permanent Secretary, now called the Director-General, who belongs to the PTD.

There are several key Central Agencies. First, the Treasury, within the Ministry of Finance, specialises on ordinary budgeting, expenditure control and supply administration. Second, the Public Services Department (PSD), formerly the Federal Establishment Office (FEO), within the Prime Minister's Department, functions as a large staff agency responsible for recruiting and employing all Central civil servants. It in effect controls the personnel system. Through its control of the pension system it approves or disapproves the establishment and grading of both Central and State Governments' pensionable posts. It also adjudicates the pension rights of all Central and State employees benefiting from the Government's non-contributing scheme. Third, the Economic Planning Unit (EPU)<sup>58</sup>, within the Prime Minister's Department, performs the development planning function through its control of the drafting of the development budget and the five-year development plans. Other Central Agencies have recently been established within the PM's Department. These include the Implementation Co-ordination Unit (ICU), the Malaysian Administration and Manpower Planning Unit (MAMPU) and the Socio-Economic Research Unit (SERU).<sup>59</sup> These together with the Cabinet Secretariat represent the highest policy-making level within the Central Government. All senior positions within these Central Agencies are filled by PTD officers.

The PTD officers pre-eminent position and status within the Central bureaucratic system is reflected in the posts they hold at the

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56. ibid.

57. Esman provides a good description of the organisation of Central Ministries and Departments. See ibid., pp. 80-87.

58. The EPU was established in 1959.

59. Originally the ICU and MAMPU were part of the Implementation, Co-ordination, Development Administration Unit (ICDAU). ICDAU was restructured to form the ICU and the Development Administration Unit (DAU). The DAU was later formed into the MAMPU.

highest policy making and Ministerial levels and number of superscale posts within the PTD compared to other Division I Central Services<sup>60</sup> or State Civil Services. At the Central level PTD officers are effectively in a position to control the bureaucratic machinery.

Apart from filling posts at the Central level, PTD officers can be posted to any State or be seconded to any State's Civil Services. This, as such, lends it an 'All Malaya' character. Tilman, writing on the PTD's predecessor, the MCS, has argued that

"A cursory observation of the institutional structure alone is adequate to demonstrate the dominant position enjoyed by the MCS in the total bureaucratic structure. The grade structure, the pan-governmental nature of the MCS assignments, and the broad geographic distribution of members of the senior administrative service attest to its elevated importance in the Malayan bureaucratic system."<sup>61</sup>

However, because of the PTD's very uneven distribution among the States of Peninsula Malaysia, especially to States of the former UFMS that have their own State Civil Services, its 'All-Malaya' character is in practice somewhat restricted.<sup>62</sup>

#### State Bureaucracy

The State Services have a similar four division structure. However, only Johore, Kedah, Kelantan, Perlis and Trengganu have State Services beyond the clerical levels.<sup>63</sup> These States have their own

60. See Puthuchear, M. The Politics of Administration, Kuala Lumpur, Oxford University Press, 1978, pp. 99-101.
61. Tilman, R.O., Bureaucratic Transition in Malaya, Durham, Duke University Press, 1964, p. 104. He further argued that in 1962 it was only in Kelantan that the MCS was not dominant. This is far from being the true picture. That was in fact the position and, with respect to the PTD, remains the case in all the non-federalised bureaucracies of Kedah, Johore, Trengganu, Perlis and Kelantan. See detailed discussion below.
62. That is restricted to those States of the former FMS and SS that do not have their own SCSs. In comparing the spread of federal officers among the States in Malaysia and India-Pakistan, Braibanti argued that, "The main structural differences between Malaysia and India-Pakistan was the percentage of officers working in the States and districts. In India and Pakistan these totalled 55 and 40% respectively, in Malaysia, 18%. The difference can be traced to two factors: in Malaysia about half of these positions are held by members of State Civil Services rather than the Central cadres, and the foreign affairs staff in Malaysia have been amalgamated into the higher administrative service. See Braibanti, R., ed. Asian Bureaucratic Systems Emergent from the British Imperial Tradition., Durham, Duke University Press, 1966, p. 654.
63. Chik, S., National Ideology and Bureaucracy in Malaysia, Malaysian Centre for Development Studies, Occa. Paper No. 5, Kuala Lumpur, 1978, p. 37. See also Tilman, R.O., "Bureaucratic Development in Malaya," in Braibanti, op.cit., p. 561.

State Civil Services (SCS) whose officers hold most, if not all, of the senior and junior State administrative posts.<sup>64</sup> They also have their own State Clerical Services. Negri Sembilan, Pahang, Perak and Selangor only have their own State Clerical Services. Thus, in these States, the senior and junior State administrative posts above the clerical levels are generally filled by seconded PTD and PTA officers.<sup>65</sup> Penang and Malacca before their SCSs were integrated with the Central Service<sup>66</sup> in 1974 had State Services beyond the clerical levels and also their own clerical establishments. Nevertheless, Penang and Malacca still relied then on seconded PTD officers to fill their senior administrative posts while their own SCSs' officers would fill the other junior administrative posts.<sup>67</sup> Unlike the other nine States, Penang and Malacca do not use personnel from the Central Clerical Services.<sup>68</sup> No States have their own professional and technical services to fill key posts in their technical departments. They thus have to rely on seconded officers of the Central Technical and Professional Services. Centre-State inter-governmental agreements govern the appointment of seconded Central officers to posts within the State bureaucracy.<sup>69</sup> So we have three categories of States with different levels of dependance on the

64. Only when such States did not have suitably qualified and experienced officers within their own SCSs for certain posts would they even contemplate accepting seconded Central officers to fill such posts within the State bureaucracies.

65. See Tilman, *op.cit.*, p. 561, n.24.

66. See discussion below.

67. Under the 1955 Agreement for the Constitution of a Federation Establishment between the Federation and each of the eleven States, several key administrative posts within the State Establishment were scheduled as posts to be filled by Officers from the Central Establishment. These posts included that of the State Secretary, State Financial Officer, Director of Lands and Mines, Principle Ass. Secretary (Economic Officer), 5 DOs, 2 Ass. State Secretaries, and Deputy Registrar of Titles. In non-Malay dominated Penang, these posts were scheduled as part of the Central Government's response to the influence of the secessionist movement. See Mohamad Ghazali Md. Noor, "Federal-State Administrative Relationship: a case study of Penang State Civil Service", Graduation Exercise, Faculty of Economics and Administration, University of Malaya, 1972/1973, pp. 13-14, 20-21. However, in the former UFMS States these posts, despite the Agreement, have always been filled by officers of the respective SCSs.

68. Tilman, *op.cit.*, p. 561.

69. See Federation of Malaya, Agreements for the Constitution of a Federation Establishment, 1955 and 1957, in Tilman, *Bureaucratic Transition in Malaya*, Durham, Duke University Press, 1964, Appendix B. See discussion in Chapter 6.

PTD and PTA: the non-federalised State bureaucracies of States of the former UFMS which have their own SCSs, the quasi-federalised State bureaucracies of States of the former SS which although having their own SCSs still, before 1974, depended on the PTD to fill their senior administrative posts, and the federalised State bureaucracies of States of the former FMS which totally depend on the PTD and PTA.

The State Civil Service is headed by a State Secretary (S Sec). In the States of the former FMS and SS, the S Sec is a seconded senior PTD officer while in the States of the former UFMS he is usually an officer of their own SCSs. The S Sec's post, as Table 1 illustrates, is not uniformly graded. He heads a small Secretariat which handles personnel, housekeeping, local government and miscellaneous functions.<sup>70</sup> The Secretariat assists the Mentri Besar or Chief Minister (MB or CM) and the State Executive Council (Exco).

Each State has several other senior officers including the State Financial Officer (SFO), State Director of Planning (SDP) and the State Legal Advisor (SLA). In the States of the former FMS and SS these officers, excepting the SLA, are from the PTD while in the States of the former UFMS they are normally from the States own SCSs. The SLA in each State is a seconded officer of the Central Legal and Judicial Service. In addition, the posts of State Development Officer (SDO) and State Director (formerly Commissioner) of Lands and Mines (SDLM) are normally, apart from Kedah<sup>71</sup>, only for PTD officers.<sup>72</sup> The SDO's post is paid for from Central funds but the other posts mentioned above are paid for from State funds. Appointments of PTD officers to posts within the State require the approval of the State Government concerned.<sup>73</sup>

Each State also has several technical departments<sup>74</sup> which are responsible for functions assigned to it by the Constitution. The Division I officers who head and man these departments are, in every case but religious affairs, drawn from Central Technical and Professional Services and posted from Kuala Lumpur.<sup>75</sup> Their salaries and the departments' operating costs are paid from State funds. The subordinate technical and clerical staffs are from the State Service

70. Esman, *op.cit.*, p. 90.

71. See discussion in Chapter 7.

72. Chik, *op.cit.*, p. 37.

73. *ibid.*, p. 90.

74. These include the Departments of Public Works, Irrigation and Drainage, Agriculture, Lands and Mines.

75. Esman, *op.cit.*, p. 90.



Table 1:      Grades of State Secretaries in 1979.

<u>State</u>	<u>State Secretary    (S Sec)</u> <u>Salary Scale</u>
Johore	Superscale C
Kedah	Superscale D
Kelantan	Superscale D
Malacca	Superscale E
Negri Sembilan	Superscale E
Pahang	Superscale C
Penang	Superscale C
Perak	Superscale C
Perlis	Superscale F
Selangor	Superscale D
Trengganu	Superscale D

Salary Range for Superscale Posts in Dollars per Month.

Superscale C	3215	+	150	=	3365
Superscale D	2965	+	150	=	3115
Superscale E	2745	+	120	=	2865
Superscale F	2525	+	120	=	2645

Source: Information obtained from Public Service Department.

although the PSD has to approve their positions if these are pensionable. Esman argued that the Heads of these departments effectively formulated and operated their own programmes virtually independently of direction and co-ordination by the State Governments.<sup>76</sup> However, this 'autonomy' may be reduced by their dependence on the State Governments for junior personnel and operating budgets (usually a routine procedure), the occasional intervention of the MB or the CM, and the SDO's activities in development matters.

Each State is divided into several administrative districts each with its own District Officers (DO).<sup>77</sup> In the States of the former UFMS, all the DOs belong to the respective SCSs, while in the other States the DOs are from the PTD. The DO is directly responsible to the State Secretary. In most States, the DO is head of the District Land Office which is responsible for collecting land revenues, processing applications for State lands, registering the transfer of titles, settling small estates, chairing the non-autonomous town boards and the various District level committees.<sup>78</sup> The two most important of these committees, the District Action Committee and District Development Committee, have to do with rural administration and development.

The DO is often subjected to different and sometimes conflicting pressures. Stephen Chee argued that in Selangor, as elsewhere in the country, the DO is caught in the middle: perceived as the District's executive head but yet subject to direction from his superiors in the State and Central capitals.<sup>79</sup> Kamarudin Rani commented that

"The District Officer/Collector has the difficulty of having to play the role of multiple subordination: he is accountable to the State Director of Lands and Mines, the State Development Officer, the State Financial Officer, the State Secretary, as well as to the State political leadership in the day-to-day exercise of his broad areas of responsibility."<sup>80</sup>

76. ibid. p. 91.

77. Peninsula Malaysia has 71 districts. For a study of a district see Beaglehole, J., The District: A Study in decentralisation in West Malaysia, Hull Mono. on Southeast Asia, No. 6, Oxford University Press, 1976.

78. Esman, op.cit., p. 93, and Chee, S., "Rural Development and Development Administration in Malaysia." Southeast Asia Development Advisory Group, Paper No. 74/5, New York, The Group, 1974, pp. 17-18.

79. Chee, ibid., p. 18.

80. quoted in ibid.

The effectiveness of District administration, however, is affected by the 'transient nature' of the DO. In Stephen Chee's words

"He is a federal civil servant assigned to the State Government to serve in a particular district. His ambition is not to become a local hero,...but to be transferred to the federal capital or to a ministry. The District Officer recruited directly into the State Civil Service may be less mobile, but even he aspires to be placed at the State capital."<sup>81</sup>

Naturally, DOs of the PTD will look to Kuala Lumpur while those of the SCSs will look to the State capitals. While the career prospects and patterns of the former are essentially governed by factors which are external to the State within which they serve, that of the latter are essentially governed by factors which are internal to the State. The DOs mobility, be they PTD or SCSs officers, is also influenced by the number of top scale posts within the respective services. In this the PTD officers have an advantage since the PTD, compared to the SCSs, is a much bigger service with many more superscale posts. Their mobility it is reasonable to assume, must also be influenced by their personal contacts and the assessment of their work by both the Central and State Governments.

In the States of the former UFMS the general position is that all but the Technical and Professional Services are recruited by the State from within the State. In the States of the former FMS only the clerical workers and the public labour employees are similarly recruited but all the generalist administrators are seconded PTD and PTA officers. Up till October 1974, in the States of the former SS the lower level generalist administrators, clerical workers and public labour employees are similarly recruited but several senior generalist administrators are seconded PTD officers. All the States Technical, Professional and Specialised officers are on loan or secondment from the respective Central Services. Central officers serving in and paid for by the State are, in principle, responsible to the State Government.

#### Federalisation of the State Bureaucracies: the administrative services.

Three bureaucratic traditions that developed at the State level remained intact at the time of Malayan independence. The Reid Commission<sup>82</sup> did not question the need for the continued existence of those SCSs belonging to the former UFMS and SS States. This was in

81. Ibid., p. 37.

82. Reid Report, paras. 66-69.

accord with the Commission's terms of reference that States should be provided with a certain "measure of autonomy". However, it did not recommend that the former FMS States should now be given the opportunity to establish their own SCSs similar to that of the former UFMS States. The Constitution of 1957 also failed to provide for these States to establish their own SCSs. This seems to be a surprising omission. Administration is so intimately linked with the exercise of executive authority, Central or State, that it would be reasonable to expect that each level of Government within a Federation should have, or be given the option of having, its own Services. This omission thus provided for the continuance and strengthening of differences in status between the non-federalised, quasi-federalised and federalised State bureaucracies. The Constitution introduced instead the concept of 'joint services' and the principle of and mechanism for the inter-Government secondment of officers.

The establishment of joint services and the use of secondment, if agreed by the States, could conceivably lead to the uniformisation, or perhaps equalisation, of status of the State bureaucracies, especially those which are non-federalised and quasi-federalised. Potentially, such joint services would strengthen State administrations by enlarging the field of recruitment and attracting the best men under either State or Central Governments. Furthermore, such Services might facilitate inter-Government co-operation, encourage a less parochial outlook and avoid an uneconomic duplication in administrative bodies.<sup>83</sup> However, the impact of joint services would be to reduce the degree of autonomy enjoyed by States that have their own SCSs. Would these reputed advantages, however, outweigh the loss of that "measure of autonomy" granted to States having their own SCSs? The States seemed unconvinced by these reputed advantages and

"that despite the enabling provisions, no joint services have in fact been established, and there has been no enthusiasm for them."<sup>84</sup>

83. See Watts, R.L., New Federations, Experiments in the Commonwealth, p. 229.

84. Winslow, V.S., "The Public Service and Public Servants in Malaysia", in Suffian Mohamad, et.al., The Constitution of Malaysia: its Development, 1957-1977., Kuala Lumpur, Oxford University Press, 1978, p. 273. Watts argued that "In Malaya, by comparison with India, resistance to the establishment of joint services has been much stronger." See Watts, R.L., Administration in Federal Systems, 1970, p. 30.

So far, inter-Government secondment of officers has been regularly practised in the hope of strengthening State administrations.<sup>85</sup>

Federalisation of the State bureaucracies would entail two consequences. First, the SCSs of former UFMS and SS States would have to be dismantled and restructured. Second, by integrating officers of such Services into a common (that is, Central) Service, the MCS or MAS, the bureaucratic systems of such States would be made uniform with that existing in the former FMS States. Federalisation would affect only the Administrative Services, the SCSs, of the State bureaucracies of the former UFMS and SS States. Federalisation, however, would limit these States' former control over their administrative officers.

Attempts to federalise the fragmented bureaucratic systems of Peninsula Malaysia have been frequent.<sup>86</sup> In early 1957, just before Malayan Independence, a Committee, set up with the agreement of the Rulers of the Malay States and the Central Government, was entrusted with the task of preliminary planning for the integration of the SCSs of the former UFMS and SS States with that of the Central Administrative Service.<sup>87</sup> The Rulers, the Committee Chairman explained, had agreed to the formation of such a committee because they considered that unifying the services would be in the interest of the country.<sup>88</sup>

The committee was chaired by Tuan Hj. Mustafa Alkabri.<sup>89</sup> Its task was to work out a system whereby the then varying conditions of service of the various SCSs could be unified. Several meetings were held just before Independence but these failed to produce any working consensus primarily because certain State Governments were unwilling to co-operate. Several requests by the Committee's chairman to the State Governments for suggestions regarding the methods that should be used for integrating the Services were not answered.<sup>90</sup> Despite the Rulers'

85. Watts, *ibid.*

86. Discussion based on interviews, newspapers and certain Government Service circulars. Surprisingly, only Milne and Mauzy had referred, in passing at that, to such attempts at integrating the State Civil Services. See Milne, R.S., and Mauzy, D., *Politics and Government in Malaysia*, Vancouver, University of British Columbia Press, 1978. p. 278.

87. *Straits Times*, (ST), 10.1.58.

88. *Malay Mail* (MM), 31.10.58. The reactions of the Kedah Civil Service will be discussed in Chapter 7.

89. A former MCS officer (superscale B). He was later to be appointed Keeper of the Rulers' Seal and subsequently appointed as the first Federal Elections Commissioner. Whether this was a committee with representatives from both Central and State Governments was never revealed.

90. ST, 10.1.58

agreement, in principle, to consider the unification of the SCSs with the Central Service, a respondent<sup>91</sup> revealed that certain Rulers of the former UFMS States rejected the unification of their SCSs. They feared that through unification their previously autonomous SCSs would be federalised and reduced to the level then existing in the former FMS States with the consequent loss of autonomy to the States. The former UFMS States feared that the integration of their SCSs would take away their best men. There was some basis for this fear. For after the SCSs were integrated into a common Central Service, all former State Civil Servants as members of a common Service would be liable, under normal transfers and/or promotion exercises, to be transferred or promoted out of their own States. More important, the States were unreceptive to the integration of their SCSs because they believed that they would lose 'control' over what used to be their own Civil Services. The State Civil Servants of the former UFMS States were under the exclusive jurisdiction of the respective States. Integration of the SCSs with the Central Service would surely erode this State power. Central initiative and enthusiasm for the integration of the SCSs with that of the Central Service was rejected by the States. In despair, the Committee's chairman could only re-emphasise that

"A way must be found to unify the services in the interests of the country."<sup>92</sup>

The former UFMS States, especially their rulers, had still to be convinced and persuaded.

The Committee lapsed after Malayan Independence and it waited for a new mandate to carry out its work. In November 1958, more than a year after the Committee's last meeting, Tuan Hj. Mustafa Albakri commented on the Committee's performance and stated that

"The Committee died for want of nourishment. I would not say that the Committee and its duties had died because there was lack of support by the State Civil Services. Nor would I say that the death was not due to lack of support by the State Civil Services."<sup>93</sup>

Perhaps if the State Civil Servants could be convinced and persuaded as to the necessity for the integration of the SCSs with the Central Service then the Rulers resistance could have been gradually overcome.

91. Interview with a former State Secretary of Kedah, 17.12.80. Central Bureaucrats interviewed also expressed similar views. More about this in Chapter 7.

92. ST, 10.1.58.

93. Standard, 2.11.58.

Table 2 :    Comparison of Grades and Salary Scales between  
the Kedah SCS, MCS and MAS in 1958 in Dollars  
per Month.

Division I Salary Scales

	<u>MCS</u>	<u>Kedah SCS</u>	<u>MAS</u>
Staff Appointment	2270		
Superscale A	1970		
Superscale B	1850		
Superscale C	1760		
Superscale D	1670	Superscale D	
Superscale E	1580		
Superscale F	1490		
Superscale G	1430		
Superscale H	1360		
Timescale	982+34- 1254	Class IA 1057+28 - 1141	
Timescale	592,628+34-934	Class IIB 836+28 - 1032	

Division II Salary Scales

Timescale:	Timescale:
738+25 - 813	738+25 - 813
615+25 - 715	615+25 - 715
324+21 - 450	415 - 450
280+15 - 310	

Source: Federation of Malaya Staff List, as of June 1, 1959;  
Kedah, Estimates of Revenue and Expenditure, 1959.

The FEO took over the Committee's job of planning for the integration of the Civil Services sometime in early 1958.<sup>94</sup> Apart from getting the relevant State Governments' and Rulers approval, the problem of the differences of status and accompanying conflict of interests between the SCSs members, on the one hand, and the MAS, on the other, would have to be overcome. The MAS was a feeder Service to the MCS but the the SCSs were not. The salary scales of the SCSs were higher than the MAS and in fact the top posts were not only Division I posts but equivalent to superscale posts within the MCS. While the majority of the SCSs posts were Division II posts, all MASs posts were Division II posts. Table 2 illustrates this. It compares the Kedah SCSs, taken as an example of States with their own SCSs, with that of the MCS and MAS in terms of Divisional grades and salary scales.

Integration, at the very least, should not penalise either the members of the SCS or the MAS with regard to their chances of entry into the MCS. For SCSs members who held posts, according to Divisional grades and salary scales, equivalent to those existing within the MCS, integration should mean at least their absorption into equivalent MCS posts. The top echelon SCSs members would benefit through being absorbed into the prestigious MCS because their career and promotion prospects would be enhanced in a Service that contained the largest number and highest grades of superscale posts within the Malayan bureaucracy as a whole. For the lower echelon SCSs members whose posts were somewhat equivalent to those of the MAS, integration, at the very least, ought to mean that superscale posts within the SCSs or their equivalent should not be closed to them. The MAS had no such superscale posts and its members were usually promoted into the MCS to allow them the benefits of higher scale posts. It would seem logical that such SCS members be integrated into the MAS first and then by promotion into the MCS. That the Central Government offered to relax the conditions for promoting MAS officers to the MCS indicated that it was attempting to entice lower echelon SCSs members by reassuring them that integration via the MAS would not necessarily limit their chances of entering the MCS. In this way the FEO hoped to work out a system of integrating SCS members into a common Central Service.<sup>95</sup>

However, some SCSs officers were undecided because of salary differences between the SCSs and the MAS. They feared that they would

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94. ST, 11.4.58.

95. Ibid.

96. Ibid.



not be taken into the higher MCS.<sup>96</sup> According to a respondent<sup>97</sup>, the two-tier approach of integrating the SCSs into the Central Service was resented by especially the lower echelon SCSs members. They felt that this would split the SCSs into two parts - the favoured small top and the disadvantaged big bottom. Those in the former would, on integration, enjoy all the benefits available within the MCS. However, those in the latter would be denied the usually normal and expected opportunity of enjoying the benefits of top posts that were available within the SCSs and since their Service ranking would be that of the MAS they would not immediately enjoy the benefits of integration. Consequently their aspirations for higher posts could only be met by the 'difficult' process of promotion into the MCS.

The FEO's offer to relax the conditions for promoting MAS officers into the MCS was meant also to persuade MAS officers to agree to the integration plan. The MAS officers must be made to feel that they were not losing out on the deal. They correctly saw lower echelon SCSs members as their competitors for MCS posts. The MAS Association, however, responded to the FEO's offer by submitting two claims: for a better salary scale and better service scheme.<sup>98</sup> The FEO agreed to the former and offered a better salary scale but it ignored the latter. According to the FEO this offer would also include the SCSs in the former UFMS States.<sup>99</sup> The MAS Association accepted the FEO's offer to relax the conditions for upgrading from MAS to MCS.<sup>100</sup>

The success of the FEO's integration plan depended crucially on its acceptance by those State Governments with their own SCSs and also by the Rulers of these States and members of the respective SCSs. MAS, already a Central Service, could not really oppose such Central initiative. MAS's status as a Feeder Service of the MCS had been established well before Malayan Independence. Apart from the lateral absorption of the top SCSs posts into the MCS, the MAS was proposed as a conduit for the absorption of lower echelon SCSs members. The States with their own SCSs rejected the FEOs integration plan. An FEO spokesman admitted that its plan was on the verge of being called off and stated that the plan's failure was primarily due to the unenthusiastic attitude of the State Governments towards

97. Interview with a senior Kedah Civil Servant, 15.12.80.

98. MM, 14.4.58.

99. ibid. It was also reported that some MAS officers might disagree with the Government's offer because of salary differences between the SCSs and MAS.

100. MM, 25.5.58.

it.<sup>101</sup> The opposition to the plan might in no small measure have been due to the fact that the Rulers themselves were not in favour of the consolidation of their SCSs.<sup>102</sup> The Rulers, according to one respondent<sup>103</sup>, had not changed their previous negative view over the integration plan. The FEO spokesman revealed that the SCSs of Kedah and Johore had been particularly opposed to the integration, for fear that their good Civil Servants might be transferred to the proposed Central Civil Service.<sup>104</sup> Despite this failure the Central Government reiterated its commitment towards the integration of the Civil Services. Its spokesman stated that the Government was considering new approaches to the State Governments and that

"We will have to convince them of the advantages of integration."<sup>105</sup>

Attempts to convince the State Governments of the need for integrating their SCSs were continuously pursued. Such attempts were prompted by the Central Government's increasing apprehension that the State bureaucratic apparatus might lack the capacity (in terms of numbers, training and perhaps motivation) to implement the increasingly important and expensive National and State Development plans.<sup>106</sup> This apprehension was further heightened by the increasing billions of dollars that the Central Government had been pouring into the less-developed States which, in the main, are States of the former UFMS with their own SCSs.<sup>107</sup> Montgomery and Esman, in a Report<sup>108</sup> to the Central Government, highlighted the shortcomings of the State bureaucracies, especially within the field of development. They stated that

"State administration in Malaysia tends to lag behind the federal. This is true because the States tend to perform many of the more traditional functions of government and have fewer financial resources at their disposal."<sup>109</sup>

101. Standard, 2.11.58.

102. ibid.

103. Interview with a former Kedah State Secretary.

104. Standard, 2.11.58.

105. ibid.

106. Interview with a senior MAMPU official, 25.7.80.

107. ibid.

108. Montgomery, J.D. and Esman, M.J., Development and Administration in Malaysia Report to the Government of Malaysia, Kuala Lumpur, Malaysia, 1966.

109. ibid., p. 19.

The Report urged the Central Government to undertake the task of raising the standards of the States' administrative performance. Thus, it recommended that

"The proposed new federal facilities of in-service training, central procurement and the services of the DAU should be made available to the State governments. The government should gradually achieve uniform qualifications and salaries for all occupants of professional posts [including posts within State bureaucracies] and require State governments to use federal job qualifications and written examinations when available."<sup>110</sup>

The lower calibre and quality of State Civil Servants of the SCSs have been gradually and widely acknowledged. Esman held that

"The State civil services were inferior to the federal and in some cases were afflicted with nepotism and patronage. Thus the more able and ambitious young graduates gravitated to the more modern atmosphere and greater opportunities provided by the MHFS..."<sup>111</sup>

Apart from the generally lower entry requirements, the perspective and orientation of the SCSs officers have been naturally circumscribed and conditioned, and thus limited, by the State within which they serve.<sup>112</sup> Their world and prospects lie within their State. Not surprisingly, what they believe to be "their and States' interests" could easily be in conflict with "Central or National" interests. Their narrow perception, perhaps parochialism, is further emphasised and enhanced by their social contacts which are confined within the State and people of the same ilk.<sup>113</sup> In comparison, Central officers frequently transferred in and out of Central Ministries and the former FMS and SS States have a much wider perspective and work experience and, through their frequent visits to Kuala Lumpur for both formal and informal gatherings, have a much wider social universe. For the Central Government then, federalisation through integrating the SCSs with the Central Service would make uniform or equal all the State bureaucracies in terms of status, skills, efficiency, and capacity and, at the same time, break down the social enclave and insulation that have shielded

110. ibid., p. 20, My emphasis.

111. Esman, op.cit., p. 95. Similar views were expressed by the Chief Secretary or Ketua Setiausaha Negara (KSN) to the Central Government, Tan Sri Dato Abdullah Ayub, in an interview, 8.8.80. The Malayan Home and Foreign Service (MHFS) emerged out of an amalgamation of the MCS with the Foreign Service and this MHFS was to be renamed as MADS or PTD.

112. Interview with a senior PSD officer, 18.8.80.

113. ibid.

the SCSs from Central influence.

The Central Government federalisation attempts were only partially successful. In April 1974, it announced that the MAS would be replaced by a new Central Service. This new Service, called the GAS or PTA, would merge the MAS with the SCSs.<sup>114</sup> However, a Central Government circular<sup>115</sup> indicated that its merger or integration plan had not been accepted by the former UFMS States. Only Penang and Malacca had agreed that their SCSs be absorbed: either into the PTD or the PTA. Officers of these SCSs who were in superscale IB (a monthly salary between \$1,500 to \$1,700) and above would be absorbed into the PTD and those below this scale would be absorbed into the PTA.<sup>116</sup> The absorption was to take effect on October 1, 1974 and with this Penang and Malacca SCSs were abolished.

The former UFMS States which disagreed with the absorption of the SCSs either into the PTD or PTA were 'encouraged' to agree as soon as possible. SCSs members were not given the option of electing to be absorbed individually into either of the two Central Services. Furthermore, any delay by the State Governments on agreeing to allow their SCSs' absorption would in effect penalise SCSs members in terms of seniority. For if and when they were to agree to their SCSs absorption, SCSs members would lose seniority equivalent to the period when the SCSs was not absorbed after October 1, 1974. Thus,

"Jika satu masa kelak sesuatu Kerajaan Negeri memutuskan supaya Perhidmatan Tadbir Negerinya dicantumkan dengan Perhidmatan Tadbir dan Diplomatik Malaysia dan Perhidmatan Tadbir Am, maka pegawai-pegawai Perhidmatan Tadbir Negeri yang berkenaan apabila ditukarkan secara tetap ke salah satu daripada perhidmatan tadbir tersebut akan kehilangan kekananan selama tempoh Kerajaan Negeri tidak bersetuju Perhidmatan Tadbir Negerinya disatukan."<sup>117</sup>

[Translation:

"If in the future a State Government were to decide that its Administrative Service be unified with the Malaysian Administrative and Diplomatic Service and the General Administrative Service, then the officers of the States' Administrative Service when placed on a permanent basis in either of the Federal Services will lose seniority equivalent to the period that the State Government had not agreed to the unification of its Administrative Service."]

114. New Straits Times (NST), 1.4.74. The Immigration, National Registration, Election Commission, Road Transport and Manpower Services were to be included in this merger to form the GAS or PTA.

115. See Pekeliling Perhidmatan, Bil. 25 Tahun 1974 (Service Circular, No. 25/1974).

116. ibid., pp. 2-3

117. ibid., p.4.

The longer the State Governments delayed the decision to join the unification plan the more would their SCSs members be penalised and make it more costly indeed for them to contemplate and accept absorption in its present form.

Despite the Central Government's attempts at federalisation, the former UFMS States had successfully preserved the autonomy of their SCSs. Not surprisingly, the blame for the ineffectiveness of these States as implementing agents of the Central Government development plans has been placed squarely on the continued existence of the autonomous SCSs.<sup>118</sup> A study commissioned by the EPU argued that the former UFMS States had impeded the effectiveness of the State Development Offices and State Economic Planning Units in the development process.<sup>119</sup> The study stated that

"The overall standard of these civil services is lower than that of the two federal civil services - Perhidmatan Tadbir dan Diplomati [PTD] and Perhidmatan Tadbir Am. [PTA]. In general, state civil servants are neither so well qualified nor experienced as they do not get the same opportunities for education, training and experience."<sup>120</sup>

Such opportunities could not be expected to be available within the SCSs. The study believed that federalisation of the SCSs through integration with the Central Service was one way of strengthening these States planning and implementation capacity. It stated that

"The old Unfederated Malay States are simply too small to have their own separate civil services. Penang and Malaka recognised this when the professional grades of their civil services joined the PTA nearly two years ago. It is to be hoped that the old Unfederated Malay States will follow their example in the not too distant future."<sup>121</sup>

The Central Government's federalisation plan had only succeeded in capturing the SCSs of Penang and Malacca. The former UFMS States refused to have anything to do with it. The plan failed in these States because the Rulers, especially that of Kedah and Johore, with no small encouragement from their respective SCSs, opposed it. They were fearful that if the plan were implemented they would be reduced to the status similar to that of Rulers of States of the former FMS, as mere figureheads with no real power especially over appointments to top posts

118. Interviews with senior Central Civil Servants.

119. Bruce, Colin, "Strengthening the States' Planning and Implementation System", State Rural Development Project, EPU, PM's Department, 15.1.79, p.6.

120. *ibid.*

121. *Ibid.*, pp. 6-7.

within the State bureaucracy.<sup>122</sup> Not coincidentally, the SCSs of Penang and Malacca, States without the traditional Royal Heads but with Centrally-appointed Governors, were successfully absorbed.<sup>123</sup>

In the long run, SCS members would have benefited materially from the integration of their Services with the Central Service. But their lack of enthusiasm for integration was not surprising since they, as a group, already enjoyed a comfortable position of high status and prestige within the States.<sup>124</sup> The 'old-time' State Civil Servants who belonged to the established and 'high' class within the respective States opposed the plan.<sup>125</sup> They were generally non-degree holders and thus had lower paper qualifications compared to the MCS (subsequently the PTD) officers and even the MAS (subsequently the PTA) officers. They were fearful that, apart from destroying their social status and position, integration of the SCSs would place them in competitive relations with members of the Central Service which would place them at a disadvantage in the competition for promotion.<sup>126</sup> Their high social status and position had been preserved by a high level of 'social insulation' as described by Gayl Ness:

" There were considerable family ties throughout the bureaucracy. Brothers and sisters of officers had married other officers or their sisters. A wide range of relatives - aunts, uncles, cousins - were in other government positions. Officers visited one another often and maintained closer ties with their narrow occupational community than they did with the variegated local communities in which they lived. Close friends and associates were in the same occupation and also tended to be fellow Malays. This pattern kept the occupational gentry community conscious of its cohesion and its separateness. Further, when asked if they would join the Malayan Civil Service if they were given the opportunity, most answered in the negative. They had no desire to subject themselves to out-of-State transfers and they did not wish to compete with the better educated officers of the Malayan Civil Service."<sup>127</sup>

122. Interview with a senior MAMPU official, 25.7.80.

123. A senior MAMPU officer argued that States without Sovereign Rulers have proven to be most amenable to administrative reforms initiated from the Centre. Interview, 25.7.80.

124. Scott observed that in general "Most Malaysian Civil Servants are in fact unwilling to take on new ventures that might jeopardise presently adequate arrangements. They prefer, for the most part, to protect their present position and status rather than to take even moderate risks that might propel them higher up the status ladder." Scott, J.C., Political Ideology in Malaysia: Reality and the Beliefs of an Elite, New Haven & London, Yale University Press, 1968, p.138.

125. Interview with a senior MAMPU official, 25.7.80.

126. *ibid.*

127. See Ness, G.D., Bureaucracy and Rural Development in Malaysia: A Study of Complex Organisations in Stimulating Economic Development

Integration would have destroyed this comfortable and happy social position. Their high occupational position within the State depended on their already high social status but this would not necessarily apply in an integrated Civil Service where achievement criteria (examinations and education) and professionalism rather than ascriptive criteria would apply.

### Conclusion

The Constitution provided the Central Government with substantial powers which can affect State administration even in areas of the State's own competence. It also provided the framework within which Centre-State administrative relations can be conducted.

The historical fragmentation of Government in Peninsula Malaysia resulted in the fragmentation of the bureaucracy. This was consequently reflected in the development of a confusing array of diverse Schemes and obscure Titles of Service.<sup>128</sup> According to Tilman, that

"though it is seldom recognised even by members of the bureaucracy, the whole complex web of federal-state public services is legally held together by a quasi-treaty between the Federal Government, on the one hand, and each of the States individually, on the other."<sup>129</sup>

The Reid Commission had recommended that this complex web of Centre-State Public Services be placed on a simple foundation and that attempts should be made to 'standardise' or 'uniformalise' the Public Services. Significantly, what was not achieved at independence, although subsequently attempts were made but which failed, was the federalisation of the States bureaucracies of the former UFMS States so as to make them equal in status with that of the former FMS and SS States. The status of the former UFMS States with their own SCSs and those States without, in the context of administration, is clearly different. The failure of the Central Government attempts to equalise the difference in status means that the former UFMS States could potentially exercise more autonomy in their relations with the Centre.

127. (Cont.) in New States, Berkeley and Los Angeles, University of California Press, 1967, pp. 160-161. My Emphasis.

128. Tilman, R.O., Bureaucratic Transition in Malaya, pp. 82-83.

129. ibid. p. 83.

### Chapter 6.

#### Federal-State Administrative Relations In Peninsula Malaysia - 2

This chapter examines certain developments that have influenced Centre-State administrative relations since Malayan Independence. This involves examining the expansion in the sizes of the Central bureaucracy compared to that of the State bureaucracies, Malayanization and representativeness of the Malayan Civil Service (MCS), postings and withdrawals of Central officers and States' dependence on such officers, Centre-State administrative co-ordination, national development planning and the co-ordination and implementation of development plans.

The Central Government is by far the largest single employer of public servants in Peninsula Malaysia. Table 1 compares the sizes of the Central and State bureaucracies and their respective annual percentage increases between 1962-72. It shows that in 1962 the Central Government employs five times the total number of monthly-salaried public employees employed by the eleven State Governments combined and by 1972 this increased to almost six times. Table 2 compares the numbers of employees, according to Divisional grades, of all State Services combined with those of the Central Services. It indicates that the Central Services have more than six times the number of Divisions I, III and IV officers and four times the number of Division II officers within the State Services combined. It also indicates that the State Services have a slightly higher distribution of Divisions I and II taken together compared to that of the Central Services and the reverse in the case with regard to the distribution of Divisions III and IV posts. If States are compared to one another and to the Central, as in Table 3 for 1961, the distribution of Divisions is different for each State and also for the Central. These Tables provide a general quantification of Centre-State bureaucratic relations within which the Centre is dominant. More important, as discussed later, is the proportion of posts, especially Divisions I and II posts, in the State Establishments which are filled by officers of the Central Services.

#### Malayanization and the Representativeness of the MCS

Several developments since Malayan Independence have influenced Centre-State administrative relations, Malayanization<sup>1</sup> of the MCS being one of these. Malayanization of the Public Services was first

1. For a detailed discussion of the Malayanization scheme, see Tilman, R.O., Bureaucratic Transition in Malaya, Durham, Duke Uni. Press, 1964, chapter 3.



Table 1: A Comparison of the Sizes (Monthly Salaried Employees) of the Central and State Bureaucracies: 1962-1972.

Bureaucracy	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972
States:	%	%	%	%	%	%	%	%	%	%	%
Johore	3600	3949	4045	4138	4201	4359	4411	4450	4519	4595	4678
Kedah	2272	2313	2402	2468	2493	2516	2564	2587	2602	2588	2605
Kelantan	1476	1582	1587	1687	1801	1854	1867	1877	1899	3946	4078
Malacca	541	556	576	587	593	786	782	789	2599	2723	2728
Negri Semb.	1418	1509	1559	1636	1783	1804	1814	1830	1897	4531	4677
Pahang	1835	1927	2047	2181	2482	2704	2736	2826	2870	2964	3204
Penang	977	1015	1021	1049	1078	1113	1114	1126	1234	3607	3846
Perak	3608	3804	3929	3960	4220	4259	4352	4420	4510	4600**	4692**
Perlis	298	328	343	359	383	401	409	405	417	437	454
Selangor	2417	2583	2688	2945	3146	3262	3341	3385	3495	5132**	5415**
Trengganu	1337	1446	1503	1570	1597	1622	1661	1707	1784	3481	3719
All States'											
Total	19776	21012	21700	22580	23777	24680	25051	25402	27826	41874	43296
Central	99737	105125	142346*	143989	168067	173396	177478	180711	205236	242706	255397

Source: Auditor-General's Report on the Accounts of the States and Federation, 1962-1972.

Note: (Negri Semb.) Negri Sembilan; \* Sharp increase due to the inclusion of Sabah, Sarawak and Singapore Civil Servants, 1964.  
 After 1965 Singapore Civil Servants are excluded; \*\* Estimated figures.  
 % indicates size as a percentage of size of Central Bureaucracy. (100%).

Table 2 : State and Central Bureaucracy : Number of Employees According to Divisional Grade (1967).

Service Divisions:	State Services (State Ss.)		Central Services (Central Ss.)		Combined State & Central Services. (C.S.&C.Ss.)	
	Total in each Div.	As % of State Ss. C.S.&C.Ss.	Total in each Div.	As a % of Central Ss. C.S.&C.Ss.	Total in each Div.	As a % of C.S.&C.Ss.
I	530	2.5	3320	2.6	3850	2.6
II	1170	5.6	3840	3.1	5010	3.4
III	12030	57.6	84190	67.2	96220	65.8
IV	7150	34.3	33990	27.1	41140	28.2
Total	20880	100.0	125340	100.0	146220	100.0

Source: Report of the Royal Commission on Revision of Salaries and Conditions of Service in the Public Services. (Chairman Tan Sri Mohamad Suffian bin Hashim), Kuala Lumpur, Govt. Press, 1969, p. 2.

Table 3: State and Central Bureaucracy: The Total Number of Employees according to Divisional Grade by State compared to Central.

Political Unit	Divisions				Total Size
	I	II	III	IV	
Johore	64 5.2	180 14.5	613 49.4	385 31.0	1242
Kedah	50 2.5	157 7.9	820 41.2	963 48.4	1990
Kelantan	35 2.5	79 5.6	1017 71.8	286 20.2	1417
Malacca	17 3.3	55 10.6	283 54.4	165 31.7	520
Negri Sembilan	40 2.9	79 5.8	813 59.8	428 31.5	1360
Pahang	52 2.9	103 5.8	1048 58.8	579 32.5	1782
Penang	32 4.0	78 9.8	410 51.7	273 34.4	793
Perak	90 2.6	163 4.7	1875 53.9	1349 38.8	3477
Perlis	8 3.0	20 7.4	170 63.0	72 26.7	270
Selangor	79 3.5	141 6.3	986 43.9	1042 46.4	2248
Trengganu	29 2.6	57 5.1	736 66.1	291 26.1	1113
States' Total	496 3.1	1112 6.9	8771 54.1	5833 36.0	16212
Total Central Services	3209 4.9	3553 5.4	40291 61.1	18867 28.6	65920
Total Bureaucracy	3705	4665	49062	24700	82132

Source: Calculated from Tilman, R.O., Bureaucratic Transition in Malaya, Durham, Duke University Press, 1964, p. 86.

Note: % as a percentage of Total Size.

mooted in 1954 by the first Malayanization Committee.<sup>2</sup> The Malaya Constitutional Conference of February 1956, held at London, recommended, inter alia, that Malayanization of the Public Services should be speeded up. The second Malayanization Committee<sup>3</sup> endorsed this recommendation.

The MCS was included in this accelerated Malayanization plan. Before Malayan Independence the MCS comprised almost totally of Europeans and although it was in principle possible for Malay officers of the Malay Administrative Service (MAS) to be promoted into the MCS, the rate of such promotion in practice was agonisingly slow. Malayanization would thus increase this rate. Malayanization also provided opportunities for State Civil Services (SCS) officers to apply for MCS posts. The Malayanization Committee of 1956 reported that

"four-fifth of the Malayan officers in the federal bureaucracy now entered by promotion from the MAS and State and Settlement Civil Services".<sup>4</sup>

The MCS compared to the MAS was considered as an "All-Malaya" Central Service in terms of recruitment and postings. Historically MCS officers served in the Central Government and in all the States of the Peninsula.<sup>5</sup> They were, however, unevenly spread amongst the States and consequently their influence in these States was also uneven. Since Independence MCS officers were increasingly recruited from all the States and they continued to be liable to postings to any State of the Federation but the numbers of MCS officers holding State posts vary from one State to another.

The MAS in comparison had less claim to being an "all-Malaya" Central Service although its members were recruited by the Central Government. Historically it was a Service only of the FMS States. It

2. Federation of Malaya, Report of the Committee on the Malayanization of the Government Service, Kuala Lumpur, Govt. Press, 1954.

3. Federation of Malaya, Report of the Committee on the Malayanisation of the Public Service, Kuala Lumpur, Govt. Press, 1956.

4. ibid., p.38. It was only from 1953 onward that Malays with Honours degrees were recruited directly into the MCS. Before 1953 the appointment of Malayan officers to the MCS was almost exclusively made from the MAS and sometimes the SCSs. See Federation of Malaya, Report of the Committee on the Malayanization of the Government Service, p.17.

5. Tilman, op.cit., p.104, and see also Timman, R.O., "The Malay Administrative Service, 1910-1960", in The Indian Journal of Public Administration, Vol. 7., April-June 1961, p.156.

was also a feeder Service of the MCS. Its members, then recruited only from among those who were from or educated in these States especially before the Second World War, were generally posted only within the State from which they were recruited.<sup>6</sup>

The rapid promotion of MAS Officers to the MCS ranks was one of the mechanisms used to achieve Malayanization.<sup>7</sup> The SCSs officers of the former FMS and SS States could also apply for appointment to the MCS. The former method was a natural progression of MAS officers into the MCS because MAS was after all a feeder Service. However, the latter method was not similarly natural because the SCSs were not in the same sense feeder Services. There were thus competing claimants, with diverse service backgrounds, to the benefits of Malayanization. This competition created problems which the Malayanization Committee hinted at these problems when it reported that

"An official Committee has been appointed to report on relations, including recruitment, between the Malayan Civil Service and the Malay Administrative Service and State and Settlement Civil Services and the Chinese Civil Services".<sup>8</sup>

The senior MAS officers, primarily those recruited from and serving in the former FMS States, were to benefit most from the rapid process of Malayanization. Tilman correctly pointed out that not surprisingly

"as the MCS was Malayanized it became thoroughly permeated with officers whose background and experience had been gained from service in the MAS. In January, 1962, of fifty-nine of the most senior posts held by Malayan officers of the MCS, forty-two were filled by Malays formerly of the MAS. These forty-two appointments included secretaries or permanent secretaries to ministries, deputy secretaries, State Secretaries, Commissioners of Lands and Mines, and the private secretary to the Yang Di-Pertuan Agong".<sup>9</sup>

Table 4 illustrates the preponderance of former MAS officers within the

6. Recruitment into the MAS, especially after the Second World War, was gradually widened to include those who were from the States of the former FMS and SS. Since Malayan independence, recruitment into the MAS had been widened to include all suitably qualified Malays from all the States. When in 1974 the MAS was merged with other Central Services and the SCSs of Penang and Malacca to form the General Administrative Service or the Perkhidmatan Tadbir Am (PTA) recruitment was widened further to include all suitably qualified Malaysian citizens.
7. Federation of Malaya, Report of the Committee on the Malayanization of the Public Service, p.38.
8. ibid., pp.39-40.
9. Tilman, "Bureaucratic Development in Malaya", in Braibanti, R., ed., Asian Bureaucratic Systems Emergent from the British Imperial Tradition, Durham, N.C., Duke Uni. Press, 1966, p.595.

Table 4: MCS Officers who were members of either the State Civil Services or MAS before their Appointments into the MCS 1957-1978.<sup>1</sup>

Year	Total Officers	MAS		Johore		Kedah		Kelantan		Perlis		Trengganu		Malacca		Penang		Settlement		States'QS.	
		%		C.S.	%	C.S.	%	C.S.	%	C.S.	%	C.S.	%	C.S.	%	C.S.	%	C.Ss.	%	Total	%
1957	339	89	26.3	16	4.7	5	1.5	4	1.2	-	-	2	0.6	-	-	-	-	3	0.9	30	8.9
1958	287	81	28.2	15	5.2	5	1.5	5	1.7	-	-	2	0.7	-	-	-	-	3	1.0	30	10.2
1959	300	93	31.0	20	6.7	6	2.0	3	1.0	1	0.3	3	1.0	1	0.3	1	0.3	-	-	35	11.6
1960	291	101	37.5	19	6.5	7	2.4	4	1.4	1	0.3	5	1.7	1	0.3	1	0.3	1	0.3	39	13.2
1961	291	114	39.2	20	6.9	6	2.1	5	1.7	1	0.3	6	2.1	1	0.3	1	0.3	2	0.7	42	14.4
1962	283	116	41.0	21	7.4	5	1.8	7	2.5	1	0.4	5	1.8	2	0.7	1	0.4	2	0.7	44	15.7
1963	293	131	45.0	21	7.5	7	2.4	8	2.7	1	0.3	6	2.0	2	0.7	1	0.3	1	0.3	47	16.2
1964	315	143	45.4	27	8.6	7	2.2	11	3.5	1	0.3	11	3.5	2	0.6	2	0.6	2	0.6	63	19.9
1966	404	158	39.1	30	7.4	18	4.5	15	3.7	1	0.2	13	3.2	4	1.0	4	1.0	-	-	85	21.0
1967	445	160	36.0	28	6.3	17	3.8	15	3.1	1	0.2	14	3.1	3	0.7	3	0.7	-	-	81	17.9
1968*	474	169	35.7	28	5.9	18	3.8	13	2.7	1	0.2	13	2.7	4	0.8	2	0.4	-	-	79	16.7
1969	n.a.	153	n.a.	25	n.a.	17	n.a.	13	n.a.	1	n.a.	13	n.a.	4	n.a.	2	n.a.	-	-	75	n.a.
1970	n.a.	139	n.a.	22	n.a.	17	n.a.	11	n.a.	1	n.a.	13	n.a.	2	n.a.	3	n.a.	-	-	69	n.a.
1971	648	132	19.3	19	2.8	17	2.5	12	1.8	1	0.1	13	1.9	4	0.6	3	0.4	-	-	69	10.1
1973	984	246	25.0	24	2.4	19	1.9	13	1.3	2	0.2	16	1.6	5	0.5	4	0.4	-	-	83	8.3
1974	1196	255	21.0	22	1.8	21	1.8	15	1.3	2	0.2	16	1.3	5	0.4	4	0.3	-	-	85	7.1
1975	1319	285	21.5	21	1.6	20	1.5	10	0.8	2	0.2	18	1.4	3	0.2	3	0.2	-	-	77	5.9
1978	1574	278	17.7	12	0.8	20	1.3	10	0.6	-	-	16	1.0	3	0.2	3	0.2	-	-	64	4.1

Source: Calculated from Federation of Malaya & Malaysia, Senerai Pegawai Perseketuan [Staff List] 1957-1978.

Note: 1. Figures for 1965, 1972, 1976, & 1977 not available(n.a.); \* From 1968 Total includes only the Home Service component of the MCS;(C.S) Civil Service.

MCS ranks. The number and percentage of such officers within the MCS had increased from 89 and 26.3% in 1957 to 143 and 45.4% in 1964. Although the total number of such officers within the MCS had been increasing right up to 1975 their percentages of the total number of MCS officers had been declining since 1964. In comparison, the number of former SCSs officers within the MCS increased from 30 in 1957 to 85 in 1966 and since then had steadily declined. The percentages of these officers within the MCS increased from 8.9% in 1957 to 21% in 1966 and since then had declined. With the exceptions of 1966 and 1971, the proportion of former SCSs officers within the MCS is less than half, and sometimes less than a third, that of the MAS. Table 4 also indicates the differential recruitment from the SCSs of the individual States of the former UFMS and SS.

The dominance of the former MAS officers within the Malayanized MCS was more emphatic if one considers the percentage of senior MCS posts that such officers then held. Table 5 illustrates this. It indicates that as Malayanization progressed the percentage of Europeans holding senior MCS posts fell from 82.6% in 1957 to zero per cent in 1967 while the percentage of direct entry Malaysians holding such posts increased from zero per cent in 1957 to 41.4% in 1971. The percentage of former MAS officers holding such posts increased from 17.4% in 1957 to 64.6% in 1963 but declined thereafter to 40.3% in 1971 while that of the former SCSs officers increased from zero per cent in 1957 to 26.7% in 1966 and thereafter declining to 18.3% in 1971. Table 5 also indicates the differential rate of recruitment from the SCSs of the States of the former UFMS and SS during the Malayanization process. Consequently the percentages for each of these States differ. The declining percentages for former MAS and SCSs officers since 1963 and 1966 respectively was due to the dramatic increase of Malayan officers who entered the MCS directly in tandem with the rapid decline of the European element. Despite this increase former MAS officers still held the most senior posts within the MCS, as Table 6 indicates for 1971. MAS officers thus gained most from the rapid Malayanization of the MCS. Writing in 1961, Tilman correctly concluded that

"today, especially among the more senior posts, the attitudes of the bureaucracy are likely to be geographically unrepresentative".<sup>10</sup>

10. Tilman, "The Malay Administrative Service, 1910-1960", P.156.

**Table 5: The Percentage of Senior Malayan Civil Service (MCS) Posts (Superscale H to Staff Appointments) held by Officers who entered the MCS directly and those who were either members of the Malay Administrative Service (MAS) or their respective State Civil Services (SCS): 1957-1971.**

Year	Total %	Direct Entry by %		MAS by %	State Civil Services by %								Total SCS %
		European %	Malayan %		Johore C.S.%	Kedah C.S.%	Kelantan C.S.%	Perlis C.S.%	Treng. C.S.%	Malacca C.S.%	Penang C.S.%	Settle. C.S.%	
1957	100	82.6	-	17.4	-	-	-	-	-	-	-	-	-
1958	100	73.6	1.2	24.1	-	-	1.1	-	-	-	-	-	1.1
1959	100	70.3	1.1	26.4	1.1	-	1.1	-	-	-	-	-	2.2
1960	100	53.4	2.3	38.6	3.4	-	1.1	-	-	-	-	1.1	5.6
1961	100	46.3	5.0	40.0	3.8	1.3	1.3	-	-	-	-	2.5	8.9
1962	100	29.3	5.3	56.0	5.3	1.3	1.3	-	-	-	-	1.3	9.2
1963	100	12.7	6.3	64.6	8.9	2.5	2.5	-	1.3	-	-	1.3	16.5
1964	100	7.5	13.8	62.5	8.8	2.5	2.5	-	-	-	-	2.5	16.3
1965	Not Available.												
1966	100	1.5	25.2	46.7	13.3	3.7	4.4	-	2.9	2.2	-	0.7	27.2
1967	100	-	30.3	46.7	10.9	3.0	3.6	0.6	2.4	1.2	1.2	-	22.9
1968	100	-	36.5	43.9	9.5	3.2	2.6	0.5	2.1	1.1	0.5	-	19.5
1969	100	-	37.4	43.4	9.4	2.8	2.7	0.5	2.2	1.1	0.5	-	19.2
1970	100	-	39.1	41.7	8.1	3.0	2.1	0.4	4.3	0.8	0.4	-	19.1
1971	100	-	41.4	40.3	6.9	2.3	3.4	0.4	3.4	1.1	0.8	-	18.3

**Source:** Calculated from Federation of Malaya & Malaysia, *Senarai Pegawai-Pegawai Perseketuan [Federation Staff List] 1957-1971.*

**Note:** (Treng.) Trengganu; (Settle.) Settlement



**Table 6: The Number of Senior MCS Posts in terms of Grades held by Former MAS and SCS's Officers Compared to that held by Direct Entry Officers for 1971.**

Grades	Total	Direct Entry	MAS	SCSS (State Civil Services)						Total
				Johore C.S.	Kedah C.S.	Kelantan C.S.	Perlis C.S.	Trengganu C.S.	Malacca C.S.	
1. Staff Appoint.	3	-	3	-	-	-	-	-	-	-
2. A	4	-	4	-	-	-	-	-	-	-
3. B	11	3	7	-	-	-	-	1	-	1
4. C	12	1	6	3	1	1	-	-	-	5
5. D	36	17	11	6	2	-	-	-	-	8
6. E	1	1	-	-	-	-	-	-	-	-
7. F	58	29	17	3	1	3	1	2	1	10
8. G	12	6	6	-	-	-	-	-	-	-
9. H	126	52	52	6	2	5	-	7	1	22
<b>Total</b>	<b>263</b>	<b>109</b>	<b>106</b>	<b>18</b>	<b>6</b>	<b>9</b>	<b>1</b>	<b>9</b>	<b>3</b>	<b>48</b>

**Source:** Federation of Malaysia, Senarai Pegawai-Pegawai Persekutuan [Federation Staff List] 1971.

**Note:** (Staff Appoint.) Staff Appointment; (C.S.) Civil Service.

This tendency towards geographical unrepresentativeness of the MCS, as Table 5 shows, was due specially to the differential rate of recruitment from the MAS and SCSs under the Malayanization programme.

Malayanization, nevertheless, resulted in a rapid change in the composition and character of the MCS within which former MAS officers were dominant.

There is not quota for each State of Peninsula Malaysia in the Central Service. It would be reasonable, because of different sizes and levels of education and development, to expect that certain States would be under-represented and other over-represented within the Central Service. Table 7 illustrates the representation of States among the higher civil servants in the Central Civil Service. With the exception of Pahang, the more developed former FMS and SS States (in terms of Gross Domestic Product - GDP) are over-represented. The generally less developed former UFMS States are generally under-represented. The existence of the SCSs within each of these States partly explain this under-representation. When the numbers include both the Central and State Civil Services, as in Table 8, the former UFMS States have significantly higher representation compared to that in Table 7.

Within the MCS also, as Table 9 shows, the generally more developed former FMS and S S States are better represented, with the exception of Selangor and Malacca, compared to the generally less-developed former UFMS States. As the least developed of the West coast States, Malacca is under-represented while Selangor is also under-represented because, as the most developed State, the Civil Service competes with the attractions from the private Sector.<sup>11</sup>

On the question of States representation within the Central Civil Service Mavis Puthuchearry commented that

"although there is some over-representation of the more developed States and under-representation of the less developed ones, the imbalance is not alarming nor has it become a major political issue".<sup>12</sup>

It is the strength of State loyalties, she believed, that would determine whether the problem of imbalance would become a political issue.<sup>13</sup> She conceded, however, that

11. Syed Haroon b. Mohamad Aljunied, "Social Background and Representation in the Higher Civil Service in Malaysia and Singapore", Unpub. M.A. Thesis, University of Malaya, 1974, p.174.
12. Puthuchearry, M., The politics of Administration: The Malaysian Experience, Kuala Lumpur, Oxford University Press, 1978, p.79.
13. ibid..

Table 7: The Representation of States among the Higher Civil Servants in the Central Civil Service compared to their Population and Gross Domestic Product (GDP) Proportion.

States	Population Proportion	Civil Service Proportion	Differential	Rank	State GDP* as a Proportion of the Malaysian Average (1970)	Rank
States of Former F.M.S.,						
Negri Sembilan	5.5	13.2	+ 7.7	1	0.99	2
Perak	17.8	24.3	+ 6.5	2	0.99	2
Selangor	18.5	22.7	+ 4.2	3	1.63	1
Pahang	5.7	4.7	- 1.0	7	0.98	5
States of Former Straits Settlements						
Penang	8.8	11.1	+ 2.3	4	0.99	2
Malacca	4.6	5.5	+ 0.9	5	0.80	7
States of Former U.F.M.S.,						
Perlis	1.4	0.5	- 0.9	6	0.67	8
Tengganu	4.6	1.1	- 3.5	8	0.60	10
Kelantan	7.7	3.6	- 4.1	9	0.47	11
Kedah	10.9	5.8	- 5.1	10	0.67	8
Johore	14.5	7.1	- 7.4	11	0.91	6

189.

Source: Syed Haroon bin Mohamad Aljunied, "Social Background and Representation in the Higher Civil Service in Malaysia and Singapore", unpublished M.A. Thesis, University of Malaya, 1974, p.169, Table 8.1; (\*) State GDP (as an indicator of Wealth and Development) from Second Malaysia Plan 1971-1975, p.18.

Table 8: The Representation of States in Division I of the Central and State Civil Services compared to their Population Proportion and Gross Domestic Product (GDP) Proportion.

States	Population Proportion 1970	Civil Service Proportion	Differential	State GDP as a Proportion of the Malaysian Average (1970)	Rank
States of former F.M.S.					Rank
Negri Sembilan	4.6	9.7	+ 5.1	0.99	2
Perak	15.0	18.6	+ 3.6	0.99	2
Selangor	15.6	12.2	- 3.4	1.63	1
Pahang	4.8	6.7	+ 1.9	0.98	5
States of former Straits Settlements					
Penang	7.4	7.3	- 0.1	0.99	2
Malacca	3.9	5.4	+ 1.5	0.80	7
States of former U.F.M.S.					
Perlis	1.2	1.0	- 0.2	0.67	8
Trengganu	3.9	5.1	+ 1.2	0.60	10
Kelantan	6.5	7.1	+ 0.6	0.47	11
Kedah	9.2	11.2	+ 2.0	0.67	8
Johore	12.2	12.5	+ 0.3	0.91	6
Total	84.3*	96.8*			

190.

Source: Putucheary, Mavis, The Politics of Administration: The Malaysian Experience, Kuala Lumpur, Oxford University Press, 1978, p. 77; State GDP figures from Second Malaysia Plan 1971-1975, p.18.

Note: (\*) Both totals do not add up to 100 as figures for East Malaysia and Foreign Service are excluded.

Table 9: State's Representation within the Malaysian Civil Service (MCS) compared to their Population Proportion and Gross Domestic Product (GDP) Proportion.

<u>States</u>	<u>Population Proportion</u>	<u>MCS Proportion</u>	<u>Differential</u>	<u>Rank</u>	<u>State GDP as a Proportion of Malaysian Average (1970)</u>	<u>Rank</u>
States of former F.M.S.						
Negri Sembilan	5.5	16.3	+ 10.8	2	0.99	2
Perak	17.8	28.8	+ 11.0	1	0.99	2
Selangor	18.5	10.0	- 8.5	11	1.63	1
Pahang	5.7	7.5	+ 2.2	3	0.98	5
States of former Straits Settlements						
Penang	8.8	8.8	0.0	4	0.99	2
Malacca	4.6	2.5	- 2.5	7	0.80	7
States of former U.F.M.S.						
Perlis	1.4	0.0	- 1.4	5	0.67	8
Trengganu	4.6	0.0	- 4.6	10	0.60	10
Kelantan	7.7	5.0	- 2.7	9	0.47	11
Kedah	10.9	8.8	- 2.1	7	0.67	8
Johore	14.5	12.5	- 2.0	6	0.91	6

191.

Source: Syed Haroon bin Mohamad Aljunied, op.cit., Table 8.3, p. 173; State GDP figures from Second Malaysia Plan 1971-1975, p. 18.

"In some states, particularly ... in the former Unfederated Malay States of Johore, Kedah, Trengganu and Kelantan, there appear to be strong feelings of identification and 'belongingness' to one's home State".<sup>14</sup>

Despite this 'strength of state loyalties' amongst the former UFMS States the imbalance of State representation within the Central Services has not become a political issue. The 'strength of state loyalties' in these States could be conveniently channelled and expressed through their own SCSs and the failure of the Central Government's plans to federalise the SCSs attested to the strength of such loyalties. Thus these States were specially concerned not about the imbalance of State representation within the Central Civil Service but the ever-increasing attempts by the Central Government and its officers to penetrate the State administration. The States' anxiety over this had been reflected in the failure of the Central Government's federalisation plans and the resentment directed at Central officers serving at the State level, as the case of Kedah will show.

The persistent preoccupation with ethnic consideration has also tended to blur the significance of issues like State representation. A quota system, sanctioned by Article 153 (2) and (3) of the Constitution, regulating the recruitment of both Malay and non-Malay citizens into the Central Services reflected this ethnic preoccupation.<sup>15</sup> The issue of ethnic representation within the Central Services has remained a continuing source of friction between the Malay and non-Malay political leaders.<sup>16</sup>

Postings and Withdrawals of Central Officers to the States and States' dependence on such officers.

The placing of officers of the Central Establishment within a State, in the State departments or State branches of Central departments, is governed by agreements between the Central Government and each of the State Governments individually.<sup>17</sup> Posts within the

14. ibid., pp.79-80.

15. The quota system for the MCS was introduced in 1953 when it was first opened to non-Malays. See Tilman, R.O., Bureaucratic Transition in Malaya, p.110, n.11, and Puthuchear, M., op.cit., pp.53-54. For the MCS the quota was 4 Malays to 1 non-Malay. A quota of 3 Malays to 1 non-Malay was and still is applied to the Central Judicial and Legal Service, the Police Service and the Customs Service. See Puthuchear, ibid., p.65, n.6.

16. Puthuchear, ibid., chapter V; Gibbons, D.S., and Zakaria Hj. Ahmad, "Politics and Selection for the Higher Civil Service in New States: the Malaysia Example," Journal of comparative Administration, Vol. 3, No. 3, Nov. 1971.

17. See Tilman, op.cit., p.83, n.5 and Appendix B.

State departments are borne on the State Estimates and that within the State branches of Central departments are borne on the Central Estimates.

Before Independence the procedure for the placing of Central officers was embodied in clauses 11 and 7 of the State Agreements that were attached to the Federation Agreement of 1948. Clause 11 provided:

"His Highness, unless he shall otherwise direct, shall be consulted before any officer is posted by or on the authority of the High Commissioner to any post borne on the State Estimates".<sup>18</sup>

Prior consultation was thus required before Central officers were posted to State posts borne on the State Estimates and this was further emphasised by section 2(ii) of the Federal Secretariat Circular of 1950.<sup>19</sup>

Clause 7, referring to the posting of Central officers to Central posts within the State and borne on the Central Estimates, provided:

"His Highness undertakes to receive within his State such officers of the Federal Government as that Government may require and to permit such officers to exercise such lawful authority and powers and to perform such lawful functions as may be necessary to the purposes of the Federal Government".<sup>20</sup>

In this case,

"consultation must, despite the terms of clause 7, always take place in respect of officers who are posted:

- (a) as Heads of the Department within the State, or
- (b) to the town in which His Highness the Ruler resides".<sup>21</sup>

However, the question of withdrawal of Central officers after being posted to the States was omitted. In 1955, the Federal Secretariat Circular was amended, by the addition of paragraph 4, to cover the question of withdrawal of such officers.<sup>22</sup> Thus, before any officer, posted in accordance with the arrangements provided for by paragraphs 2(ii) and 3(i), was withdrawn, the State Government concerned should be consulted. The withdrawal of any other Central officer from the State required only the prior notice of transfer.

These procedures, used well after Malayan Independence, were in 1974 considered inappropriate<sup>23</sup> because of

18. Federal Secretariat Circular No. 13 Of 1950 (F.S.O. 1425/49), Section 2(ii).

19. *ibid.*

20. *ibid.*

21. *ibid.*, Section 3(i)

22. Federal Establishment Office Circular, No. 9 of 1955.

23. Pekeliling Perhidmatan, Bil. 14 Tahun 1974, para. 2. (Service Circular, No. 14/ 1974).

"beberapa perubahan dan penyusunan pentadbiran maka cara-cara yang telah diaturkan itu sekarang ini didapati membangkitkan beberapa kesulitan bagi kedua pihak; iaitu pihak Kerajaan Persekutuan dan juga pihak Kerajaan Negeri. Kesulitan ini juga membangkitkan beberapa kesulitan ke atas pegawai-pegawai yang berkenaan disebabkan penempatan mereka itu tidak dapat diaturkan dengan kemas dan ada kalanya mereka itu tidak dapat menentukan kedudukan mereka samada jadi ditukarkan atau pun tidak."

[Translation:

"several administrative changes and reorganisation, the present procedures have caused several problems for both the Federal Government and also the State Government. Furthermore, these problems have also created problems to the officers concerned because their placement cannot be smoothly arranged and sometimes they cannot be certain of their status and position; whether they are really transferred or not."]

New procedures for placing Central Government officers either in State departments or State branches of Central departments were thus required, and these were agreed by the Central and State Governments and were introduced to replace the 1950 and 1955 procedures.<sup>24</sup>

Regarding the posting of Central Government officers to State branches of Central departments, when a vacancy occurs in the post of Head of such a department, which according to the Establishment Agreement (Perjanjian Perjawatan) should be filled by a Central Government officer, then the relevant Central department Head has to recommend the Central officer to the State Government through the State Secretary (SSec). This should take place at least two weeks before the posting takes effect.<sup>25</sup> This procedure also applies to the posting of Central officers as District Officers (DOs) or to senior posts in the State departments. Central Government recommendations to fill such posts will have to be accepted by the State Government concerned. If it has any doubt about the Central officers' 'suitability' or 'acceptability'<sup>26</sup>, it could submit these recommendations to the State Ruler or Governor for final appointment. The approval of State Governments is not required for the postings of Timescale (lowest salary scale in Division 1) Central officers to posts in the State departments. Only the withdrawals of Central officers who are heads of State departments require to be referred to the State Government concerned.<sup>27</sup>

The posting of Central officers to State branches of Central departments need not be referred to the State Government concerned.<sup>28</sup> However, the State Government concerned should be notified at least two

24. ibid., para. 7 and 8.

25. ibid., para. 3.

26. ibid..

27. ibid., para. 5.

28. ibid., para. 6.



weeks before the postings of Central officers as Heads of such departments became effective. The State Government concerned had to accept such postings unless they

"dapat memberi bukti-bukti bahawa pegawai berkenaan dahulunya pernah membuat kesalahan yang menyebabkan ianya tidak dapat diterima oleh pentadbiran negeri atau kerana sebab-sebab yang difikirkan menasabah pegawai itu tidak dapat diterima".<sup>29</sup>

[Translation:

"can provide evidence that the officer concerned had before been guilty of a crime that makes the officer unacceptable to the State administration or because of other justifiable reasons that make the officer unacceptable."]

All the States of Peninsula Malaysia depend on seconded officers of Central Technical and Professional Services to fill the top posts in the State technical departments. As indicated earlier, the former UFMS States have their own autonomous SCSs whose officers fill the administrative and district office posts in the respective States. In comparison the States of the former FMS and SS (after 1974), without their own autonomous SCSs, depend on seconded MCS, and then PTD, officers to fill similar administrative posts in each State. The distribution of or dependence on MCS officers among the States, as Table 10 shows for the 1958-1975 period, was very uneven. The distribution or dependence was highest in the former FMS States, followed by the former SS States, and lowest in the former UFMS States. While the numbers gradually increased in the former FMS and SS States, those in the former UFMS States declined, even to zero in the case of Kedah since 1971.<sup>30</sup>

Despite the new procedures the question of the posting and withdrawing of Central officers has been a continuing source of friction in Centre-State relations.<sup>31</sup> This centres on the different

29. ibid.

30. The Minister without Portfolio, Datuk Hj. Mohammad Nasir, informed the Senate during a debate that in 1980 the number of PTD officers serving within State departments and State branches of Central departments was as follows; 50 in Perak, 45 in Pahang, 40 in Selangor, 34 in Penang, 27 in Negri Sembilan, 16 in Melaka, 14 in Kelantan, 8 in Perlis, 7 in Kedah and 4 in Trengganu. Berita Harian, 23.12.80.

31. On this the Committee on Relationships between the Federal and State Governments commented: "Difficulties have frequently been experienced by the Federal Government on account of refusal by State Governments to accept Federal officers offered to them as Heads of Departments. In other instances States objected to officers being transferred. The Committee finds that frequently the main reason why a State Government refused to accept an officer was that it had heard unfavourable rumours regarding the conduct etc. of the officer concerned." Federation of Malaya, Report of the Committee on Relationships between the Federal and State Governments, (Confidential), Kuala Lumpur, PM's Department, Nov. 1961, p.9.

Table 10: Number of MCS Officers posted to Posts within the State Administration for each State, 1958-1975.

Year	States of the former U.F.M.S.					States of the former F.M.S.					States of the former Settlements			Total (100%)									
	Johore %	Kedah %	Kelantan %	Perlis %	Trengganu %	Negri Sembilan %	Pahang %	Perak %	Selangor %	Malacca %	Penang %												
1958	8	5	3	6	4	3	2	7	5	18	12	21	14	37	25	26	17	9	6	10	9	150	
1959	7	5	4	3	5	4	3	2	6	4	16	12	20	14	36	26	26	19	6	4	9	7	138
1960	7	5	4	3	4	3	3	2	6	4	16	12	20	14	36	26	26	19	6	4	9	7	137
1961	7	5	4	3	4	3	3	2	6	4	16	12	20	14	36	26	27	19	6	4	9	7	140
1962	7	5	2	1	4	3	3	2	6	4	16	12	20	15	36	26	27	20	6	4	9	7	136
1963	7	5	2	1	4	3	3	2	6	4	18	13	20	14	36	26	28	20	7	5	10	7	141
1964	7	5	2	1	4	3	3	2	6	4	17	12	20	14	36	26	28	20	7	5	10	7	140
1965	Not Available																						
1966	7	5	2	1	4	3	4	3	6	4	17	12	23	16	36	25	27	19	7	5	10	7	143
1967	7	5	2	1	4	3	4	3	2	1	17	12	23	16	37	26	28	20	7	5	10	7	141
1968	7	5	2	1	4	3	3	2	2	1	17	12	23	16	37	26	28	20	7	5	10	7	140
1969	7	5	2	1	4	3	2	1	2	1	17	12	23	16	37	26	28	20	7	5	11	8	141
1970	7	5	2	1	4	3	2	1	2	1	17	12	23	16	37	26	28	20	7	5	11	8	141
1971	7	5	-	-	4	3	2	1	1	1	16	11	24	17	39	28	28	20	7	5	11	8	139
1972	7	5	-	-	2	1	1	1	1	1	16	11	26	17	38	27	28	20	9	6	11	8	139
1973	6	4	-	-	4	3	1	1	1	1	17	11	30	19	41	26	35	22	11	7	11	7	157
1974	1	1	-	-	2	1	-	-	1	1	21	12	32	19	45	26	38	22	13	8	18	11	171
1975	1	1	-	-	3	2	1	1	1	1	21	12	28	16	45	26	37	22	11	6	23	13	171

meanings given to terms like 'suitability' or 'acceptability'. For the States, 'suitability' or 'acceptability' refers to the Central officers' commitment to State interests. For the Centre, the terms refer essentially to its officers' professional qualities. Not surprisingly, Central officers' commitment to State interests have been emphasized by former FMS States which do not have their own SCSs. In Selangor, for example, Central officers were frequently urged by the Ruler to accept and carry out the State Government instructions given to them.<sup>32</sup> Perhaps to ensure the Central officers' commitment to State interests, especially those appointed to the senior administrative posts, these States have sometimes insistently shown a marked preference for Central officers who are 'sons' of or from the State concerned.<sup>33</sup>

The continuity of service of Central officers within State administration is not guaranteed: once posted to the State administration they do not become permanent State officers who will serve out their career within the State. As is normal within the Central Service, officers of the MCS or now the PTD for example are frequently withdrawn from one State and placed on promotion in another or in a Ministry at Kuala Lumpur. The turnover of Central officers holding key administrative posts in the State administration of former FMS and SS States tends to be, according to certain States, uncomfortably fast. In Perak, for example, in one of the rare occasions when the anxiety over the impact of such rapid turnover was publically aired, Ismail Daud, an Alliance (then controlling the Perak State Government) Assemblyman complained during a debate on the Royal Address in the State Legislative Assembly that

"It is normal to see government officers, after doing their stint here and gaining much valuable experience, transferred. We always believe in a smooth administration for the well-being of the people but frequent transfers will cause disruptions in service".<sup>34</sup>

He suggested that Perak should have its own State Civil Service to prevent such brain drain from the State.<sup>35</sup> Datuk Sri Hj. Kamaruddin, the MB, ignored this suggestion and replied that Government officers were transferred from time to time because their experience and knowledge were required in Ministries and other Government departments.<sup>36</sup> Furthermore,

32. New Straits Times (NST), 30.9.80.

33. Interview with a Senior PSD official, 18.8.80

34. Straits Times (ST), 9.12.71.

35. ibid.

36. ibid., 22.12.71.

"Some of these officers, on receiving promotion, must also be given posting suitable to their new positions".<sup>37</sup>

This only confirms the belief that the federalised bureaucracies of the former FMS and SS States are but parts, indeed minor adjuncts, of the Central bureaucracy.

Generally each of the non-federalised bureaucracies of the former UFMS States, because they have their own SCSs, is able to develop its own State Government officers. These officers would, in most cases, serve out their careers within the State. These States are not dependent on PTD officers to fill the key administrative posts and are able therefore to ensure a much higher level of stability and continuity, especially among the key administrative personnel, within the State administration. In these States, SCSs officers do feel that they belong to a State organisation which is separate, different and autonomous of the Central organisation. PTD officers that are sometimes posted to these States are also subject to the tests of 'suitability' or 'acceptability'. This apart, the source of the strain in Centre-State relations in this case is the posting of Central officers itself to these States. State Governments and SCSs officers tend to view the postings of such officers as symbols of Central intrusion and perceived as Central Government representatives their commitment to the State is sometimes considered suspect, indifferent or neutral at best. Apart from the need to make their life bearable and keep a clean service record in the State, these officers are in a sense 'autonomous' for they depend totally on their Central organisation (PTD) for support, status, prestige and, perhaps most importantly, mobility upwards. Ideally then, they would prefer a short stay in the State and then a swift transfer to Kuala Lumpur. SCSs officers are also envious, sometimes extremely annoyed, about the much better opportunities available to these Central officers with regard to holding higher scale posts and quick promotion to such posts.

The above resentment is not confined only to State Civil Servants. Politicians also have similar resentment. Not surprisingly the former UFMS States have to be constantly reminded and persuaded of the necessity to accept Central officers. As an example, the MB of Perlis, Tan Sri Sheikh Ahmad, referred to such resentment during a debate over the State Civil Service in the Perlis State legislative Assembly. He urged Assemblmen to think rationally on the question of the recruitment of non-Perlis subjects to the State Civil Service and added:

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37. ibid.

"I hope you will set a good example by accepting Government officers sent by the Central Government".<sup>38</sup>

He stated that in the past several Assemblymen had objected to non-Perlis subjects being posted to the State Civil Service and State scholarships being awarded to students from other States.<sup>39</sup>

The need for Central officers to serve at the State level has increased simultaneously with the need to implement efficiently both the Central and State (largely Central-financed) development plans. The implementation of such plans requires the co-operation of the various State administrations and misgivings about the capacity of State administration have been expressed<sup>40</sup>—usually attributed to staff shortages or the low efficiency and motivation of State Civil Servants. The Central Government recognised that the problem was caused partly by the lack or low level of expertise among the State Civil Servants in the less-developed States which, not coincidentally, belong to the former UFMS with their own SCSs, and partly by the lack of proper co-ordination between Central and State officers. To overcome this the Central Government, according to Tan Sri Chong Hon Nyan, Minister without Portfolio, undertook to send additional experts to these States under the Third Malaysia Plan (TMP). Central and State officers were also urged to work closely to ensure maximum success in the implementation of development projects.<sup>41</sup>

An editorial, without naming the States but probably implying the former UFMS States, placed the blame squarely on State Civil Servants, poignantly asking,

"How do we get state civil servants to move faster, to expedite procedures in such vital development spheres as land and licences? Delays of up to five years in land matters are not unknown; and such delays must certainly work to the detriment of our overall development effort".<sup>42</sup>

38. ibid., 28.4.71.

39. ibid... The shortage of administrative officers in Perlis had been compounded by the State's inability to recruit adequate staff because it lacks the necessary financial resources. An UMNO Division in Perlis at a meeting chaired by the MB, Datuk Hj. Jaafar, urged the Central Government to absorb all the administrative officers in the Perlis Civil Service to help solve the shortage of administrative officers in the State. A committee member explained: "The State Government has made several requests for more officers for the last 10 years. The Federal Government turned down the request because the State Government wanted the Federal officers to be placed under the State Civil Service but paid by the Federal Government." NST, 21.10.80.

40. Interviews with Central Civil Servants. Misgivings, specially over the inefficiencies of State administrations of the former UFMS States were readily expressed.

41. NST, 9.6.76.

42. ibid., 21.7.78.

This underlines the importance of the States' role in the implementation of development plans. The editorial was in no doubt that the need was to reform or streamline the State administration, including its SCS, so as to bring about improvements in organisation, efficiency and motivation.<sup>43</sup>

Tengku Noor Aishah, an MP from Kelantan, claimed that the implementation of development projects during the First and Second Malaysia Plans was delayed because Central officers with responsibility over development at the State level were too young and inexperienced to make decisions.<sup>44</sup> She suggested that suitably qualified, experienced and senior Central officers should be sent to States to co-ordinate the development programmes and hence facilitate orderly Centre-State relations.<sup>45</sup> Tan Sri Chong Hon Nyan, the Minister without Portfolio, replied that the majority of Central administrative and professional officers posted to States had adequate experience at ministerial and departmental levels.<sup>46</sup> He stated that

"Perhatian berat adalah ditumpukan kepada faktor-faktor seperti pengalaman kerja, keutuhan, kesesuaian, kecekapan serta kebolehan menjalankan kerja-kerja apabila hendak menempatkan pegawai-pegawai pentadbir dan professional di negeri-negeri untuk melaksanakan projek-projek rancangan pembangunan Malaysia".<sup>47</sup>

[Translation:

"Emphasis is placed on such factors as work experience, integrity, suitability, efficiency and capability to carry out the tasks when placing administrative and professional officers in the States to implement projects under the Malaysia development plan."]

Although there were cases when junior and inexperienced officers were posted to States they usually were placed under senior and capable department heads and issued with adequate and proper guidelines.<sup>48</sup>

Such Central officers holding posts in the State Establishments are under terms and conditions of service determined by the Central Government. Certain questions arise. Who had jurisdictional responsibility over these officers, for example in matters of discipline? To what extent can these officers be made to comply with State wishes? These officers are subjected to different, sometimes conflicting, pulls. As Central officers they are subject to the Central PSC. However, it might be thought appropriate that Central officers

43. ibid., and ibid., 19.8.78.

44. Malaysian Parliamentary Debates (MPD), Dewan Rakyat (DR), Vol. 3, No. 26, 24.10.77., col. 2903.

45. ibid., cols. 2903-2904.

46. ibid., col. 2904.

47. ibid..

48. ibid., cols. 2904-2905.

serving in State capacities and in the execution of their 'State' duties should be subject to the respective State PSC. Some State officials have taken this view. Tilman, in the early 1960's, wrote:

"Despite often repeated denials by federal officials, it seems probable that a jurisdictional clash will eventually arise though the traditional urge to avoid such confrontations of extremes may postpone it until a crucial issue forces the question".<sup>49</sup>

States' dependence on Central officers could also be another way of saying that the State bureaucracies are 'penetrated' or 'infiltrated' by such officers. Thus, the higher the dependence, the higher the penetration or infiltration. Enloe has no doubt that

"State bureaucracies are "infiltrated" by federally seconded civil servants; these persons may have served in State capacities, but their careers depend on evaluations made in their respective Kuala Lumpur Ministries, making them especially sensitive to federal rather than State policy needs".<sup>50</sup>

However, as indicated earlier, this penetration is uneven among the States. The resistance to Central penetration or infiltration is epitomised, as discussed in Chapter 7, by Kedah's unrelenting opposition to the Central Government's federalisation plans and Central initiated changes. The States' dependence on Central officers would tend to compromise or dilute their autonomy especially when these officers will quite naturally tend to look up to the Central Government for protection, among other things.<sup>51</sup>

#### Centre-State Administrative Co-ordination

The mechanisms or institutions to handle Centre-State administrative co-ordination were not provided for by the Constitution. Immediately after Malayan Independence both the Central and State leadership realised that such means were necessary. A meeting of Central Ministers and Assistant Ministers on January 11 1961 decided that the Permanent Secretary, PM's Department, should look into the question of the proper co-ordination between Ministries.<sup>52</sup> Several meetings between the Permanent Secretary and the then Deputy PM, Tun Abdul Razak, were subsequently held. They agreed that

49. Tilman, *op.cit.*, p.87, n.12.

50. Enloe, C., "The Neglected Strata: States in the City-Federal Politics of Malaysia", *Publius*, Vol. 5, No. 2, Spring 1975, p.153.

51. Similarly, in India, States' dependence on the All-India Services tends to compromise their autonomy and be detrimental to the growth of self-government in these States. See Thakur, R.N., The All-India Services: A Study of Their Origin and Growth, Patna, Bharati Bhawan, 1970, p.256.

52. Federation of Malaya, Report of the Committee on Relationships between the Federal and State Governments, (Confidential), p.1.

"a Committee should be set up to look into the whole question of relationships between the Federal and State Governments with a view to making recommendations, wherever possible, for their improvement and for a closer co-operation between the Federal and State Governments on the most effective and efficient means of executing the Second Development Plan".<sup>53</sup>

Accordingly, the Committee on Relationships between the Federal and State Governments was constituted with the following terms of reference:

"To examine the present set-up of the Government with particular reference to the relationship between the Federation and State Governments and to make recommendations for further improvement in such relationship".<sup>55</sup>

The Committee was chaired by the Permanent Secretary (now called the Chief Secretary to the Government or the Ketua Setiausah Negara-KSN), and its other members were senior Central Civil Servants.<sup>55</sup> The Committee held five meetings in all.<sup>56</sup> Its first three meetings examined the problems and difficulties experienced by the Central Ministries in their dealings with State Governments. Its fourth meeting, with the participation of States' representatives<sup>57</sup>, examined the problems and difficulties experienced by the State Governments in their dealings with the Central Government.

The problems affecting Centre-State administrative relations were both complex and delicate.<sup>58</sup> The Committee felt that these were of a continuing and dynamic nature, requiring constant vigilance and a great

53. ibid.

54. ibid., The Deputy PM was unsuccessful in his effort to have the Committee's term of reference expanded so as to include a review of the workings of the various State Constitutions. ibid., p.2.

55. ibid., pp.1-2.

56. ibid., p.2. These meetings were held on the 4th and 23rd February, 5th September, 9th October, and 3rd November, 1961.

57. All the State Secretaries or their respective representatives, except that of Kedah and Perak, participated. ibid., p.2.

58. The Committee considered that some of the important problems affecting Centre-State relations included that of the implementation of the Rural Development Plan, land and related matters, staff shortages, Public Works Department, financial assistance to States, Staff quarters, office accommodation, consultation with State Governments, low cost housing, issue of licences under the Waters Enactment, railway crossings, army movements and manouevs, standing orders of State Legislative Assemblies, Ministerial visits to States and co-ordination with public bodies. ibid., pp.3-19.



deal of tack and close investigation.<sup>59</sup> Central and State representatives unanimously agreed that these problems could best be tackled through regular interpersonal contact between Central and State officials.<sup>60</sup> The Committee therefore recommended that it should become a Standing committee on Relationships meeting at least once in six months.<sup>61</sup>

According to a respondent, this recommendation was raised and discussed in the early 1960's during the Centre-State Heads of Governments Meeting, usually referred to as the PM/MBs/CMS Conference.<sup>62</sup> This meeting agreed that a Federal-State Committee, now called the Federal-State Liaison Committee (FSLC), should be established on a permanent basis.<sup>63</sup> This Committee meets at least once in three months and are usually held in the different States in rotation.

The KSN is chairman of the FSLC. Its permanent members include all the State Secretaries or their representatives. Sometimes Director-Generals of Ministries are invited to participate in its deliberations if the items on the agenda touch on the responsibilities of the relevant Ministries.

The FSLC's frame of reference is comprehensive; all Centre-State administrative matters. These may include, for example, the implementation of development plans and local government. At its meetings decisions are made through musjawarah or consensus. Such decisions, however, are only recommendatory and State representatives are not obliged to implement them at the State level. Herein lies one of the weaknesses of the Committee and a source of conflict within it. Difficult problems and 'sensitive' issues are usually referred to the

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59. ibid., p.4.

60. ibid., p.19.

61. ibid..

62. Interview with KSN, Tan Sri Abdullah Ayub, 8.8.80.

63. Owing to difficulties associated with access to minutes of both the PM/MBs/CMS and FSLC meetings, it is not possible to be precise as to the date of the Committee's formal establishment. The discussion is thus necessarily based on information gained essentially from interviews and whatever could be gleaned from newspapers. According to Tan Sri Abdullah Ayub, the Committee was established about 15 years ago. Interview with Tan Sri Abdullah Ayub, 8.8.80. This was supported by his then deputy in a separate interview. His deputy stated that the Committee had its first meeting in 1966 after the formation of Malaysia. Interview with Datuk Rozhan Kuntum, Deputy KSN, 19.8.80.

next tier, the Heads of Governments level—the PM/MBs/CMs Conference. In such cases the FSLC prepares working papers to be presented for discussion and perhaps decision at these Conferences.<sup>64</sup>

The usefulness of the FSLC is debatable to say the least. It provides a convenient arena for the airing of views concerning Centre-State administrative matters and for preparing the ground, so to speak, by drafting working papers, for the much more important and politically powerful PM/MBs/CMs Conferences. In fact it functions as a filtering device in the hierarchy of Centre-State co-operation and co-ordination. A former State Secretary of Pahang was convinced that the FSLC was not especially useful in smoothing Centre-State administrative relations.<sup>65</sup> Apart from the PM/MBs/CMs Conferences, he felt that the National Finance Council (NFC) and National Land Council (NLC) were more important than the FSLC as Centre-State co-ordinating bodies. These Centre-State Councils are Constitutionally provided for, and most significantly, they bring together the political heads or their representatives of the Central and State Governments.

The FSLC comprises members from different organisational and bureaucratic traditions, perhaps different pedigrees. The KSN, who is the chairman, the Director-Generals of Central Ministries, and the State Secretaries of States with federalised bureaucracies are PTD officers. The State Secretaries of States with non-federalised bureaucracies belong to the respective SCSs.

National Development Planning and the Administrative Machinery for the Co-ordination and Implementation of Development Plans.

The Central Government in Peninsula Malaysia is provided with considerable constitutional powers to undertake national development planning in the national interest.<sup>66</sup> While the Constitution does not provide for the establishment of a Centre-State planning body, the Central Government can exercise wide ranging powers in national

64. Interview with Datuk Rozhan Kuntum.

65. Interview with a former State Secretary of Pahang, 20.8.80.

66. Article 92 of the Constitution and Article 42 of the National Land Code were especially designed to overcome States' exclusive jurisdiction over land matters in each State. However, the Central Government has never resorted to using the powers provided by these provisions to get around sticky States' prerogatives over land. Interview with Tan Sri Dato Ahmad Nordin, the Auditor-General, 16.8.80. See also Osborn, James, Area, Development Policy and the Middle City in Malaysia, Uni. of Chicago, Dept. of Geography, Research Paper No. 153, 1974, p.96.

development planning but only after the recommendation of an expert committee, consultations with the NFC and NLC and the State Government concerned.<sup>67</sup>

Since Malayan Independence the Central Government has embarked on national development planning, essentially through the national five-year plans. The Central Cabinet, through its Economic Committee now called the National Economic Council (NEC), is ultimately responsible for such planning. This Committee includes the PM as chairman, Deputy PM and senior Cabinet members. There is thus top level political power at the apex of the planning machinery, Figure 1 illustrates the planning machinery at the Central level.

The National Development Planning Committee (NDPC) acts as the Consultative Committee and is responsible for the detailed consideration of policy problems. It reports and is responsible to the NEC. The Economic Planning Unit (EPU), previously called the Economic Secretariat, acts as the secretariat to the NDPC. Since the inception of the Second Five-Year Plan the Central Government has developed and refined these instruments of planning as essential means of guiding and accelerating economic development.<sup>68</sup> Accordingly,

"The machinery for planning has been strengthened and expanded through the establishment of the Economic Planning Unit in the Prime Minister's Department, the establishment on a permanent basis, of a National Development Planning Committee, and the formation of an Economic Advisory Committee".<sup>69</sup>

The establishment of the NDPC and EPU in 1961 was indeed, in the First Malaysia Plan's (FMP) words, in response to the urgent

"need for a strong and permanent planning organisation to cope with the increasing volume of work required for proper planning, close co-ordination and adequate control of rapidly expanding economic and social programmes".<sup>70</sup>

The NDPC comprises senior Central Civil Servants of especially the PTD.<sup>71</sup> It is responsible for the formulation, implementation,

67. Article 92(1) of the Constitution.

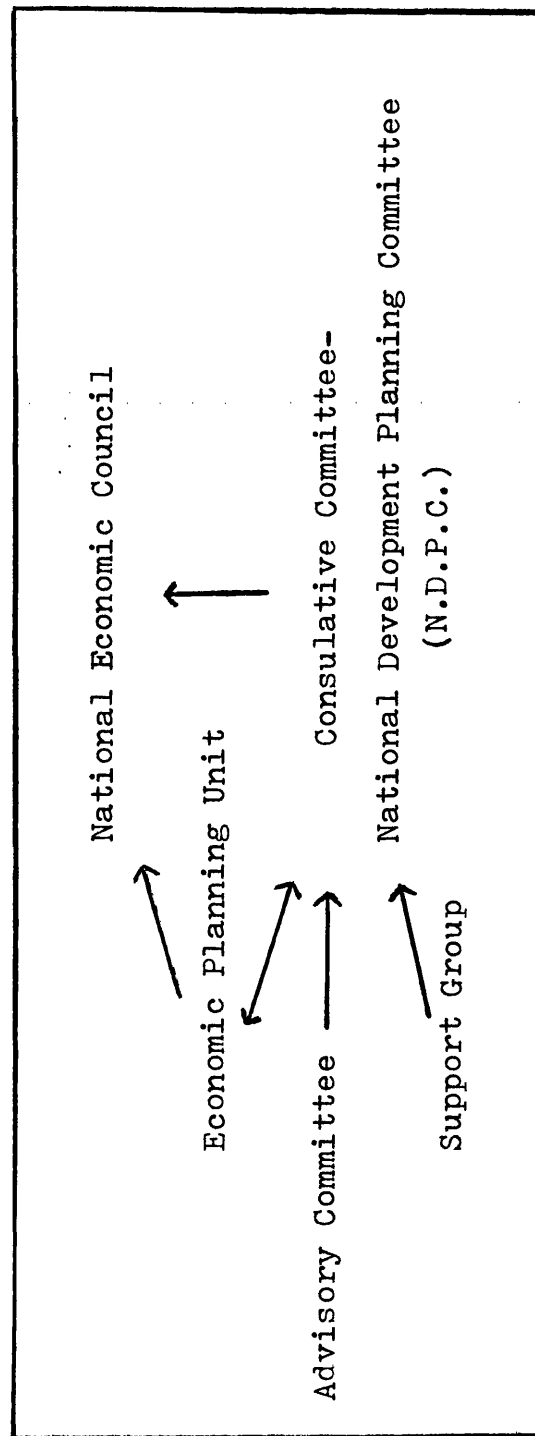
68. The Yang Di-Pertuan Agong's (Supreme Monarch) Address to Parliament, MPD, Vol. IV, No. 1, 26.4.62., col.30.

69. ibid.

70. Federation of Malaysia, First Malaysia Plan (FMP), 1966-1970, Kuala Lumpur, Government Press, 1965, p.90.

71. It is chaired by the Cabinet's appointee: usually the KSN who is both the Chief Secretary to the Central Government and Secretary to the Cabinet. Other members include the Governor of Bank Negara, Malaysia, and representatives of the Treasury, Ministries of Commerce and Industry, National and Rural Development, the EPU, and the Department of Statistics. See ibid. The States of Sabah and Sarawak are represented while States of Peninsula Malaysia are not. Interview with Datuk Suffian Majid, Director of ICU, PM's Department, 5.8.80.

Figure 1:                      Planning Machinery at the Central Level.



progress evaluation and revision of development plans.<sup>72</sup> The EPU has several responsibilities within the planning machinery and in general include that over national development planning, natural resources and regional economic planning, project and development assistance and project management.<sup>73</sup> Specifically the EPU drafts the annual development or investment budget.<sup>74</sup> It has to approve every project in that budget and thus it ensures that each project is consistent with the five-year development plan which it also drafts.<sup>75</sup> The preparation of the development budget usually occasioned conflict between the EPU and the Treasury. According to Esman, the

"Determination of the magnitude of the development budget caused an annual confrontation, pitting the stability-minded Treasury ... against the growth-minded EPU ... with final resolution by compromise in the Cabinet. What specific items were finally included was determined jointly by the Treasury and EPU officials."<sup>76</sup>

Specifically the Treasury and EPU officials, jointly constituted as the Estimates Subcommittee of the NDPC, make these determinations. On this Esman commented:

"That such major allocations were made by a committee of civil servants is an indication of their power in the Malaysian political system."<sup>77</sup>

The real powers of the EPU over the administration of planning rests on its influence over the allocation of development funds through the drafting of the five-year plans, control over access to foreign technical assistance, and crucial roles in negotiating, together with the Treasury, economic assistance with foreign donors and lenders.<sup>78</sup>

The States of Peninsula Malaysia have no particular development responsibility. In principle, States in a Federation should be able to plan the development of resources, such as land, that are within their jurisdiction. In Peninsula Malaysia the States' powers have been

72. For details see FMP, p.90.

73. For details see Bahagian Perancang Ekonomi (Economic Planning Unit), Jabatan Perdana Menteri, Kuala Lumpur, 20.6.68., pp.2-4.

74. The ordinary budget is drafted by the Treasury. The development budget is roughly 1/3 of the total budgetary allocations.

75. Esman, M.J., Administration and Development in Malaysia, Ithaca and London, Cornell Uni. Press, 1972, pp.84-85.

76. ibid.

77. ibid., p.85, n.14.

78. ibid., p.85. An Economic Advisory Committee also contributes to the planning process. This committee is made up of representatives of the private sector - employers and trade unions. It submits plan proposals to the NDPC. The Support Group comprising the Planning and Research Unites of Central Ministries similarly contributes to the planning process.

blunted by their poor finances and by the fragmentation of their powers even within their areas of jurisdiction. The planning of development in the States, even within their areas of jurisdiction, must necessarily depend on Central funding.

At the State level, because States were not created for planning purposes, the planning mechanism was either non-existent or inadequate. Within the State administrations, the State Secretariats could have taken up the task of planning but in all the States they have been largely confined to personnel, finance, housekeeping, local government and land activities. Esman argued that this was because

"They were not certain that their role permitted them to intervene in substantive areas or that they were competent to do so".<sup>79</sup>

Not surprisingly, before the establishment of State and District Development Committees and State Economic Planning Units (SEPU), State or regional planning was not much in evidence.<sup>80</sup> Esman remarked:

"Not even a single policy, programmatic or administrative innovation, except for the Selangor State Development Authority and a low cost method of land development in Kelantan, originated in the States".<sup>81</sup>

Planning at the State level was then, at best, haphazard<sup>82</sup> and handicapped by the State Governments' apparent lack of orientation towards tasks required for development.<sup>83</sup> Thong Yaw Hong argued that

"Planning at the programme and project levels will only become really efficient when the planning approach becomes fully established as a way of life in the ... State Governments".<sup>84</sup>

The States' freedom in the area of development is a function of States' financial capacity and political persuasion. The richer the State the more capable it is to plan and finance its own development programmes, as Selangor<sup>85</sup> undoubtedly was. The State controlled by a political party different to that controlling the Central Government would also be more likely to provide and indeed emphasise alternative development priorities to those of the Centre. This, the Parti Islam se

79. ibid., p. 91.

80. ibid., p. 95.

81. ibid..

82. Interview with a former State Secretary of Pehang, 2.9.80.

83. Thong Yaw Hong, "Planning - The Malaysian Experience", Malaysian Centre for Development Studies, Kuala Lumpur, n.d., Paper presented at the 1st Seminar on Development in Kuala Lumpur from 24th October - 3rd November, 1966, organized by the Malaysian Centre for Development Studies, p.11.

84. ibid. Thong Yaw Hong was then the Director-General of the EPU.

85. See Senftleben, W., Background to Agricultural Policy in Malaysia, Wiesbaden, Otto Harrossowitz, 1978, p.72.

Malaya (PAS) controlled Kelantan Government attempted despite financial constraints in land development.<sup>86</sup>

The States' desire to go their own way in development matters has been weakened by their inescapable financial dependence on the Central Government. Since the same political party, the Alliance before 1969 and the National Front after 1973, controlled all the States of Peninsula Malaysia<sup>87</sup>, this desire at best was subject to bargaining with the Central party leadership. Furthermore, the Central Government has a vested interest in ensuring that those States that feel rich enough to have their own development programmes do plan in a responsible manner so as not to exhaust their financial resources. Thong Yaw Hong indicated that

"sometimes State Governments, having their own funds for development projects under the State subjects, do not apply the same standards of economy and criteria for project implementation. The end result of that they expect the Federal Government to bail them out when they are in the red".<sup>88</sup>

The States' participation within an essentially highly centralized planning process is, nevertheless, important. The Central Government with its comparatively massive financial resources takes the lead in planning matters to which the States respond. Before the drafting of the national five-year plan, for example the FMP, circulars were issued by the EPU. These circulars<sup>89</sup> indicated the nature of States participation in the planning process. They outlined the procedure that State Governments had to follow in preparing their respective statements of needs and problems. In these statements States were required to indicate what measures should be taken and whether they were financially able to take such measures to meet their needs and problems. These statements were then forwarded to the EPU for processing and collation into the first draft of the FMP after taking into account both financial and economic appraisals. After examining the various section of the draft plan, allocations were recommended accordingly. The EPU referred policy issues to the Cabinet when necessary. Thus, as stated by the circulars,

"the final draft Plan will thus emerge from the integration of the individual Federal Departmental Proposals and State Plans, and

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86. ibid.

87. The State of Kelantan and Trengganu were controlled by the PAS from 1959-1969 and 1959-1962 respectively.

88. Thong Yaw Hong, op.cit., pp.13-14.

89. As described in the Federal Department of Town and Country Planning, Memorandum on the Approach to the National and State Development, and the preparation of the First Malaysia Plan, 1966-1970, 1964, para. 1-2.

from the various decisions which will be taken by the Federal Cabinet on Federal policy".<sup>90</sup>

This 'loose' or 'laissez faire'<sup>91</sup> planning procedure had to be tightened and, as one memorandum argued,

"all National and State Plans should be based upon an accurate assessment, at Federal level, of the needs of each State and the nation as a whole. It is quite impossible for individual States to prepare their own development plans in isolation, without an overall guiding policy from Federal level, from the very beginning".<sup>92</sup>

The planning procedure was tightened by strengthening EPU guidance of State Governments in the preparation of the Second (1971-1975) and Third Malaysia Plans (1976-1980) - the SMP and TMP.<sup>93</sup> For the latter the EPU initiated the collection of information from States for planning purposes. In 1975, the EPU contacted all State Governments through their State Secretaries and informed them that each State had to prepare working papers stating to the EPU which development projects and other needs each State sought to have included in Malaysia's forthcoming five-year plan. It provided general guidelines for such papers which the respective States should complete within three to four months. Sometimes several EPU economists visited State Governments to give further explanations as to methods of presenting State Government proposals. The TMP, describing the States' subordinate position vis-a-vis the Centre within the planning process, stated that

"State Governments and Statutory Authorities participated in the initiation of plan proposals in respect of their areas of concern and in the deliberations on these proposals working through specially constituted Inter-Agency Planning Groups under the direction of the NDPC and the NEC".<sup>94</sup>

The recommendations made following such deliberations were examined by special committees headed by both the PM and Deputy PM before being considered by the NEC and the Cabinet.<sup>95</sup>

The strengthening of EPU guidance could at least ensure that States needed to do more than just produce a collection of projects which might hopefully be fitted into the all-Malaysia Plan. Without this guidance States might otherwise simply 'unload' on the Central Government a list of unrealistic and inflated projects. While there was no evidence of this sort of exercise in unrealism, the States were criticized for their less than forthcoming attitude in the planning

90. quoted in ibid., para. 4.

91. ibid., para. 13.

92. ibid. My emphasis.

93. Interview with Dr. Abdullah Sanusi, the Director-General of MAMPU, 27.7.80.

94. TMP, p.264.

95. ibid..



exercise. In criticizing State Governments for not preparing enough projects for the TMP, the Chief Secretary to the Central Government, Tan Sri Kadir Shamsuddin stated that

"The Federal Government expects those less developed States to prepare more projects for a more equitable development strategy throughout the country".<sup>96</sup>

He further stated that the Central Government had allocated funds for expenditure incurred in development planning but the response from SEPUs had been poor.<sup>97</sup> He was especially critical of the tendency of States to refer all their problems to the Central Government.<sup>98</sup> States did not plan with any great competence and their lack of the technical expertise to do so made them more dependent on the Central Government.

The Central Government through the NEC, NDPC and EPU has the unenviable task of drawing up a viable all-Malaysia plan, of sorting out State requests and relating these to national priorities and financial availabilities. However, through its control of massive financial resources, it determines what these national priorities are and which States get what. This essentially involves a political judgement over two choices: maximum economic returns through rapid economic growth or balanced regional or State growth through equalisation policies. The Central Government has been increasingly committed towards the latter.<sup>99</sup>

The Central Government tended to view the States only as implementing and co-ordinating agencies in the quest to achieve national development priorities. The following FMP statement suggested such a view:

"it is necessary to improve communications with the States and local authorities and to promote better appreciations of national requirements. This understanding is particularly important in regard to such areas as the determination of priorities among various development programmes and the allocation of federal and State funds for overall development ... it is of the utmost importance that governments and public and local authorities utilise their resources in accordance with the priorities of the Plan".<sup>100</sup>

It suggested also that Centre-State co-operation in the development field was not always smooth or without 'resistance' from the States.

The Central Government appeared to believe that Centre-State co-operation could be achieved simply by it giving clear-cut directives and planning guidelines to the State Governments.<sup>101</sup>

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96. NST, 30.3.76.

97. ibid.

98. ibid.

99. See discussion in chapter 4.

100. FMP, p.93.

101. ibid.

Under the FMP for instance it proposed to provide the State Governments with the help of the NDPC and EPU in improving their planning and implementation procedures<sup>102</sup> through either the short-term assignment of Central officers to the States or the NDPC undertaking field tours of projects in the States. In this way the Central Government hoped that

"These arrangements will develop greater partnership and closer understanding between the Central and State governments and ensure effective implementation and smooth administration of development programmes".<sup>103</sup>

However, despite the organizational changes introduced during the FMP's period, the Mid-Term Review of the FMP hinted that Centre-State co-operation was still lacking and emphasised the need to achieve this and also to increase the States' technical expertise in the development field.<sup>104</sup> The SMP endorsed these needs and stated that

"The success of the plan depends heavily on the activities of the State governments. Many of the important natural resources, notably land, forestry and minerals, are within their jurisdiction. The plan requires a larger and more dynamic role by State Governments in the achievement of national objectives. It is therefore essential that there be full co-operation at every stage between the State and Federal Governments".<sup>105</sup>

This statement comes close to saying that it was the States' duty to make the plan a success by fully co-operating with the Central Government. The SMP continued that

"To discharge their widened responsibilities effectively, State Governments will require a corp of better trained planners and administrators, with a greater awareness of national objectives and an ability to harness the full potential of the States' resources for the implementation of the plan".<sup>106</sup>

Only the Central Government then had a pool of better trained planners and administrators who as Central officers had the necessary awareness of national objectives. On these Central officers the States would now have to depend to increase their technical expertise and awareness of national objectives in the development field.

Under the SMP State level planning was to be improved with the Central Government's assistance through the establishment of the SEPU within each State.<sup>107</sup> The Central EPU took the lead, in 1972, in the establishment of such SEPUs and it also determined their

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102. ibid.

103. ibid., p.94.

104. Federation of Malaysia, Mid-Term Review of the First Malaysia Plan, 1966-1970, Kuala Lumpur, Government Press, 1969, P.130-131.

105. Federation of Malaysia, Second Malaysia Plan, 1971-75, (SMP), Kuala Lumpur, Government Press, 1971, p.115.

106. ibid.

107. ibid.

functions.<sup>108</sup> The SEPUs' establishment, at the instigation of the Central Government, represented an administrative decentralisation of the planning function. Established within the State Secretariats, the SEPU advises the State Planning Committee (SPC) with the CM or MB and State Secretary as its chairman and deputy chairman respectively.<sup>109</sup> The SPC in turn advises the State Executive Council (Exco), the top policy-making body in the State. By the time of the Mid-Term Review of the SMP, several States - Pahang, Trengganu, Johore, Perak, Selangor and Sarawak - already had a nucleus of planning Staff and in the majority of cases they were assisted by Central officers.<sup>110</sup> The SEPUs' establishment, however, was not intended to provide the States with an independent planning capability but to upgrade planning at the State level as adjuncts of the national planning administration: that is, planning at the State level had to reflect and give meaning to national priorities. Thus the Review stated that while the main objective of the establishment of SEPUs

"is to enable the States to identify and formulate projects and to co-ordinate development activities at the State level. The long-term objective, however, is to enable the States to prepare development plans consistent with the priorities in the national development plan".<sup>111</sup>

The SEPUs were not meant to pursue State interests which were contrary to Centrally-defined priorities. In development matters there was to be no deviation from national priorities.

108. See Implementation, Co-ordination, Development Administration Unit (ICDAU), "A Guideline for the Setting up of State Planning Units", (unpublished), 1972, p.2. The SEPUs functions include the following:

- 1) to promote greater co-ordination in development planning, programming and project formulation at the State level,
- 2) to facilitate the drawing up of priorities for programmes and projects for the purpose of determining financial allocations,
- 3) to provide additional technical and economic analysis in the formulation of projects at State level,
- 4) to increase the capacity to follow up implementation of new programmes and projects identified by feasibility studies initiated at federal or State level,
- 5) to provide greater co-ordination in putting up requests for technical and financial assistance by the State Government, and
- 6) to strengthen the planning capabilities at the regional or State level and help to decentralize the planning functions at the federal level.

109. Other members include the most senior officers in the State's administration.

110. Federation of Malaysia, Mid-Term Review of the Second Malaysia Plan, 1971-1975, Kuala Lumpur, Government Press, 1973, p.106.

111. ibid.

Under the TMP several SEPUs, especially in less-developed States, were strengthened so as to enable them to plan their requirements more effectively and consistently with national objectives.<sup>112</sup> At the same time the Central EPU extended, where necessary, technical and training assistance through its regional offices which were established to assist the SEPUs in the identification and preparation of development programme and projects, especially those to be financed from Central sources.<sup>113</sup> Furthermore, the TMP stated that

"Experienced personnel will be deployed to help upgrade the planning capabilities of State Governments in the endeavour to strengthen the process of decentralized planning".<sup>114</sup>

"Experience personnel" could only refer to Central officers for only they, through serving in the Central planning agencies, would have the necessary planning experience.

Under the FMP the national planning process was extended with the addition of the 'Master Plan' technique. This technique was considered essential in developing a comprehensive and integrated plan for the development of a State or a major part of it.<sup>115</sup> The use of this technique should be preceded by surveys of available resources and needs.<sup>116</sup> So far the Central Government, in association with Pahang, Trengganu, Johore, Penang, Malacca and Sarawak had adopted this technique.<sup>117</sup> The adoption of such a technique, however, necessarily requires the consent of the State Governments concerned.

The administration of the national development effort was further decentralized by the establishment of Regional Development Authorities (RDA). Such Authorities were established at the State level by the Central Government after it had, with the respective State Governments' agreement, identified several regions in a State for Centrally-funded development programmes.<sup>118</sup> During the first part of the SMP the Jengka Authority and the Pahang Tenggara (Southeast) Authority in Pahang, the Johore Tenggara Authority in Johore, and Trengganu Tengah Tenggara authority in Trengganu were established.<sup>119</sup> These Authorities were designed

112. TMP, p.263.

113. ibid., p.264. These Regional Offices of the EPU were established in Alor Star (capital of Kedah), Kota Bharu (capital of Kelantan) and Johore Bahru (capital of Johore).

114. ibid..

115. Mid-Term Review of the First Malaysian Plan, 1966-1970, p.134.

116. ibid. Under Article 93 of the Constitution, the Central Government has overall responsibility over inquiries and surveys.

117. ibid., p.135.

118. Mid-Term Review of the Second Malaysian Plan, 1971-1975, p.106.

119. ibid..

"To initiate and co-ordinate the implementation of various programmes and projects resulting from the various regional studies in Pahang, Johore, and Trengganu".<sup>120</sup>

The RDAs, although centrally appointed comprise both the Centre's and States' representatives. They operate within the States as agents of the Central Government and are involved with the development of land, an exclusive State right. The State Governments also have their own statutory bodies, the State Economic Development Corporations (SEDC), which are dependent on Central funding.<sup>121</sup> These Corporations are also involved in land development projects in conjunction with Central agencies or independently. This implies that the States and their SEDCs must have an interest in the activities of the RDAs and indeed also so the other Central bodies like the Federal Land Development Authority (FELDA) and Federal Industrial Development Authority (FIDA). The proliferation of such Central bodies, due to the increasing national development needs and the administrative decentralization of the national development efforts, at the State level in competition with State bodies would test and tax Centre-State co-operation.

The co-ordination of development programmes is crucial to, if not the essence of, planning.<sup>122</sup> Within a Federation there are two types of co-ordination, the horizontal and vertical. Briefly, Ministries and Central departments with State branches are also involved in development activities and their co-ordination in such activities is referred to as vertical co-ordination. The following discussion is confined to the co-ordination of Central and State development activities, referred to as horizontal co-ordination.

The State administrative machines were not devised for the co-ordination of development programmes. The Central Government felt as early as 1959 with the implementation of the rural development plans that this weakness had to be overcome. The State Secretariats, situated at the centre of the State administrative structure, took little interest in the developmental departments and were thus considered as unsuited for the co-ordination of development efforts.<sup>123</sup> Furthermore, Tun Razak, as Deputy PM and Minister of Rural Development and the inspiration behind the Central Government's rural development

120. ibid.

121. See discussion in chapter 4.

122. Hanson, A.H., The Process of Planning: A Study of India's five-year plan, 1950-1964, London, Oxford University Press, 1966, p.84.

123. Esman, op.cit., p.101.

effort, felt that the Governmental agencies at the State and District levels were not working together and that their perverse independence was an obstacle to rural development.<sup>124</sup> To overcome this he directed that a State Rural Development Committee (SRDC) and below it the District Rural Development Committees (DRDC) be established in each State.<sup>125</sup> The State Secretariats, not surprisingly, were excluded from participating in this committee system.

The SRDC was chaired by the MB or CM with the State Development Officer (SDO), a senior MCS officer of the Ministry of Rural Development, as its executive secretary. Other members included the State heads of all the technical departments, and MPs from the State. The DRDC in each district was chaired by the District Officer (DO) who was also an MCS officer in the former FMS and SS States but not in the former UFMS States. Other members included all the District Heads of technical departments, State Assemblyment and MPs from the district. The SDO was the link between the SRDC and the DRDC. In each State the DOs were and still are formally responsible to the States MBs or CMs, normally through the State Secretary. However, in development matters they were and still are responsible to the SDO as an executive of both the MB or CM and the Minister of Rural Development.<sup>126</sup> In this sense the SDO at the State level was and still is the key co-ordinator in development matters with direct access to and control over the District level co-ordinators, the DOs.

The establishment of State and District level committees on the direction of the Central Government was designed to overcome what it perceived as the unsuitability or weakness of the State administrative machines in co-ordinating the development efforts within the State. This committee system decentralized the co-ordination of national and rural development. It bypassed the State Secretariats and allowed the Ministry of Rural Development through the SDOs and DOs in each State to have direct access to the local units despite the nation's federal structure. The Central Government was initially undecided as to whether its decentralized approach to rural development should focus on the

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124. *ibid.*.

125. Ness, G.D., *Bureaucracy and Rural Development in Malaysia*, Berkeley, Uni. of California Press, 1967, p.144. A discussion of the Ministry of Rural Development and its State and District level committees is contained in *ibid.*, chapter 6. This Ministry was established in 1960. The Deputy PM's directive was probably sent immediately after.

126. *ibid.*, p.151.

Negri (State) or the Daerah (District) level.<sup>127</sup> If rural development was entrusted to the State it would require a low-resource system to advance rural uplift and this would generate the same kind of centralising tendencies which the Central leadership wanted to avoid.<sup>128</sup> More important, perhaps, the Central leadership was not eager to promote strong centres of State autonomy. According to Stephen Chee,

"the crucial consideration was that the daerah or district, not the State (except in the east coast States of Kelantan, Trengganu and Pahang), was the true locus of local government and the nexus between the rural Malays and the central administration. It is the point at which the administration (traditional and Modern) works its will".<sup>129</sup>

The committee system of co-ordination was reorganised and strengthened in the early 1970's.<sup>130</sup> Before this, at the Central level, the apex of the committee system was the Minister of Rural Development. Now, the National Action Council (NAC) was established to oversee the whole national development effort.<sup>131</sup> The PM chairs the NAC and it includes senior Cabinet Ministers and Heads of the Civil Service, the Armed Forces and Police. The Implementation Co-ordination Unit (ICU) within the PM's Department acts as the Secretariat to the NAC.

At the State level, the State Action Committee (SAC) was established primarily for implementing and co-ordinating the national development effort at this level. The SDOs office provides the Secretariat to the SAC. The SAC with the MB or CM as Chairman also includes senior State Exco members. Alongside the SAC, the State Development Committee (SDC), originally SRDC, is chaired also by the MB or CM and with the SDO as its executive secretary. It had the same membership and tasks as the former SRDC.

At the District level, two committees, the District Action Committee (DAC) and the District Development Committee (DDC) which was formerly the DRDC, form part of the nation-wide structure of co-ordination. The DO chairs both committees. The former is the most important and powerful and includes as members the Heads of all District

127. Stephen Chee, Rural Development and Development Administration in Malaysia, Southeast Asia Development Advisory Group, Paper No.74/5, New York, The Group, 1974, p.17.

128. ibid..

129. ibid..

130. The impact of this committee system on the Kedah and Pahang administrations is discussed in the next chapter.

131. Mid-Term Review of the Second Malaysia Plan, 1971-1975, p.106.

technical departments of the Central and State Governments, senior police and army officers<sup>132</sup>, Wakil Rakyats (State Assemblymen), and Penghulus (village headman). The latter committee includes only the Heads of the District technical departments. The DO, as chairman of both committees, has thus been clothed with both State and Central authority in development matters. The national committee system of co-ordination which links the different levels and is responsible for co-ordinating and implementing the development plans is illustrated by Figure 2.

The activities of Central Statutory bodies<sup>133</sup> in national development are co-ordinated at the Central level by the Ministry of Public Enterprises.<sup>134</sup> They usually deal directly with State Governments and their success may well depend on such Governments attitude to their activities within the States.<sup>135</sup> The National Petroleum Company (PETRONAS), concerned with petroleum and its development, was involved in difficult negotiations with the States regarding their share of petroleum revenues.<sup>136</sup> The RDAs' activities in regional development are co-ordinated by the Federal Co-ordinating

132. The police and army officers were included because it was thought that security matters were relevant to the success of development.

133. These bodies form part of the Central Government. They are totally owned, financed and controlled by the Central Government and are governed by Acts of Parliament. Examples include the Federal Land Development Authority (FELDA), the Federal Land Co-ordination Rehabilitation Authority (FELCRA), the State Trading Company or Perbadanan Nasional (PERNAS) and the Urban Development Authority (UDA).

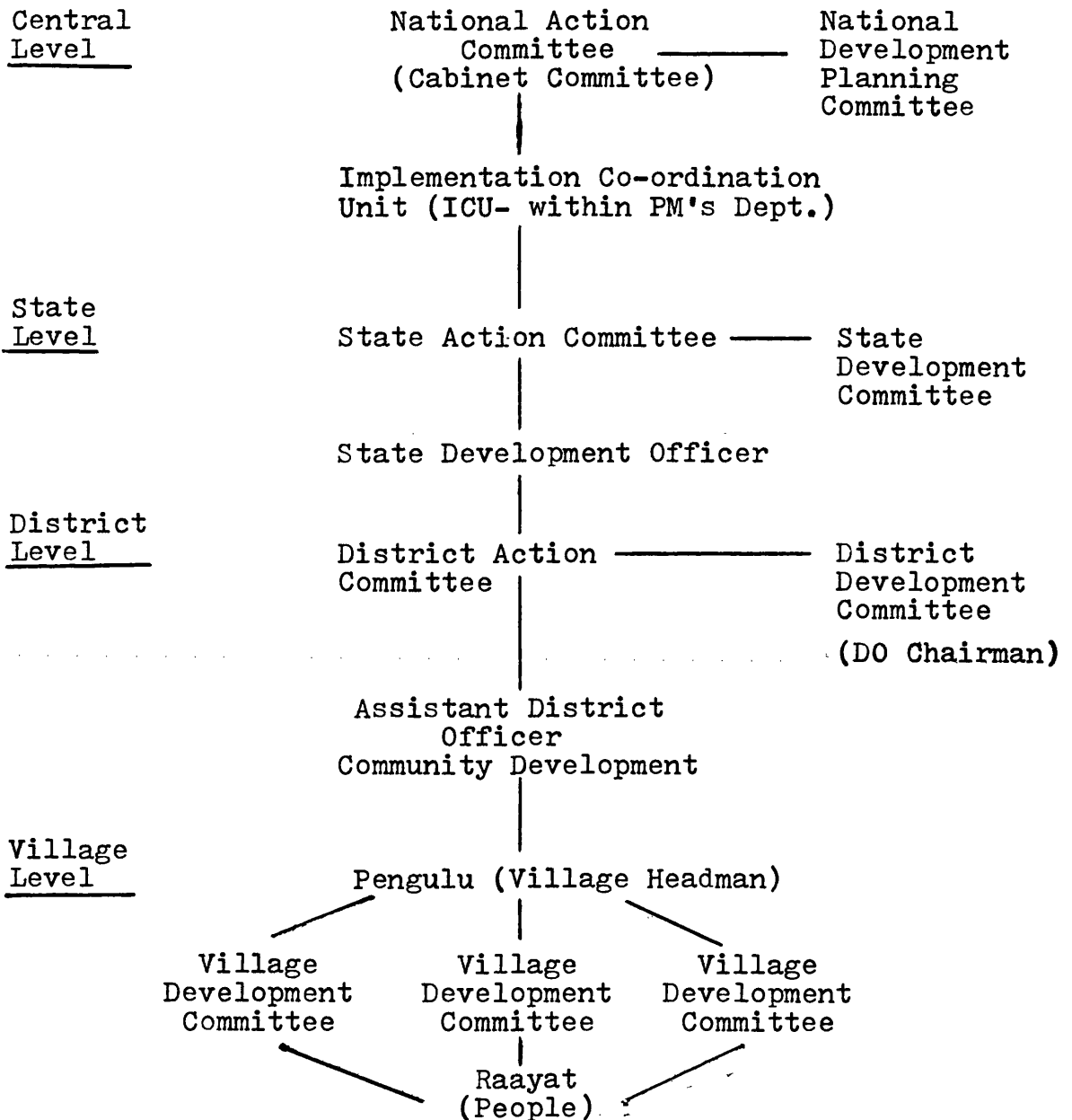
134. Originally established in 1974 as the Ministry for the Co-ordination of Public Corporations and 1976 renamed as the Ministry of Public Enterprises, See Milne, R.S., and Mauzy, D.K., Politics and Government in Malaysia, Vancouver, Uni. of British Columbia Press, 1978, p.254.

135. The lack of FELDA schemes in PAS-controlled Kelantan was an example. Kelantan then had persistently refused to comply with the National Land Council's decision on nominal premia and insisted on full payment in accordance with Article 83 of the Constitution. According to Senftleben, this "is one reason for the non-existence of Federal Land development schemes in Kelantan. In addition to that, this State only offered inferior terrain that did not comply with the wishes of the Federal Land Development Authority. It was only when the Coalition Government at Federal and State level was formed in 1973 that the Kelantan Government changed its policy towards land alienation". Senftleben, W., op.cit., p.213.

136. See Milne and Mauzy, op.cit., p.121. The Ninth Schedule, 111-2(c), and the Tenth Schedule, Part 111-3, of the Constitution accorded States with the right to a share of the revenue from mining operations within their territories. See also Malaysian Business, December 1974, pp.12 and 18-19.



Figure 2: The National Committee System of Co-ordination.



Adapted from Chee, S., Local Institutions and Rural Development in Malaysia, Ithaca, New York, 1974, p. 32.

Committee for Regional Development. This Committee comprises senior representatives of the EPU, Federal Treasury, FIDA and ICDAU.<sup>137</sup>

The SEDC, established through State legislation<sup>138</sup>, is designed to develop economic resources and carry out economic development programmes within the State. Although owned by the respective State Governments, the SEDCs' activities are subject to Central influence through the co-ordination of their activities by a Central committee<sup>139</sup>, and through other responsibilities exercised by this committee.<sup>140</sup>

At the very least the SEDCs and the States cannot go their way without Central Government approval.<sup>141</sup> Overall, by the time of the TMP, the planning and implementation machinery in Peninsula Malaysia can be approximately illustrated as in Figure 3.

National development within a Federation, because of the division of powers between the Centre and States, must of necessity be based on Centre-State co-operation. A newspaper editorial, commenting on the PM's remarks on Centre-State relations in the development field, underlined this:

"Development plans are made nationally, funds are secured for their implementation by the Federal Government, responsibility for the success of these projects rest upon the shoulders of Ministers who must answer queries about their progress in Parliament, and yet the ways and means by which all the ingredients are put together for the benefit of the people are not all within the command of the national administration. As a result of history, many matters remain constitutionally entrenched in the hands of the State Governments".<sup>142</sup>

However, this is not really an appeal for States to co-operate with the Central Government on an equal basis, but a call to recalcitrant States to play their subordinate part in the national development efforts.

137. Senftleben, W., *op.cit.*, p.297.

138. See note 41 of Chapter 4. In December 1980, it was reported that the Central Government would seek Parliament's approval to give more powers to the States to control their respective SEDCs. See *The Star*, 1.12.80 and *NST*, 1.12.80.

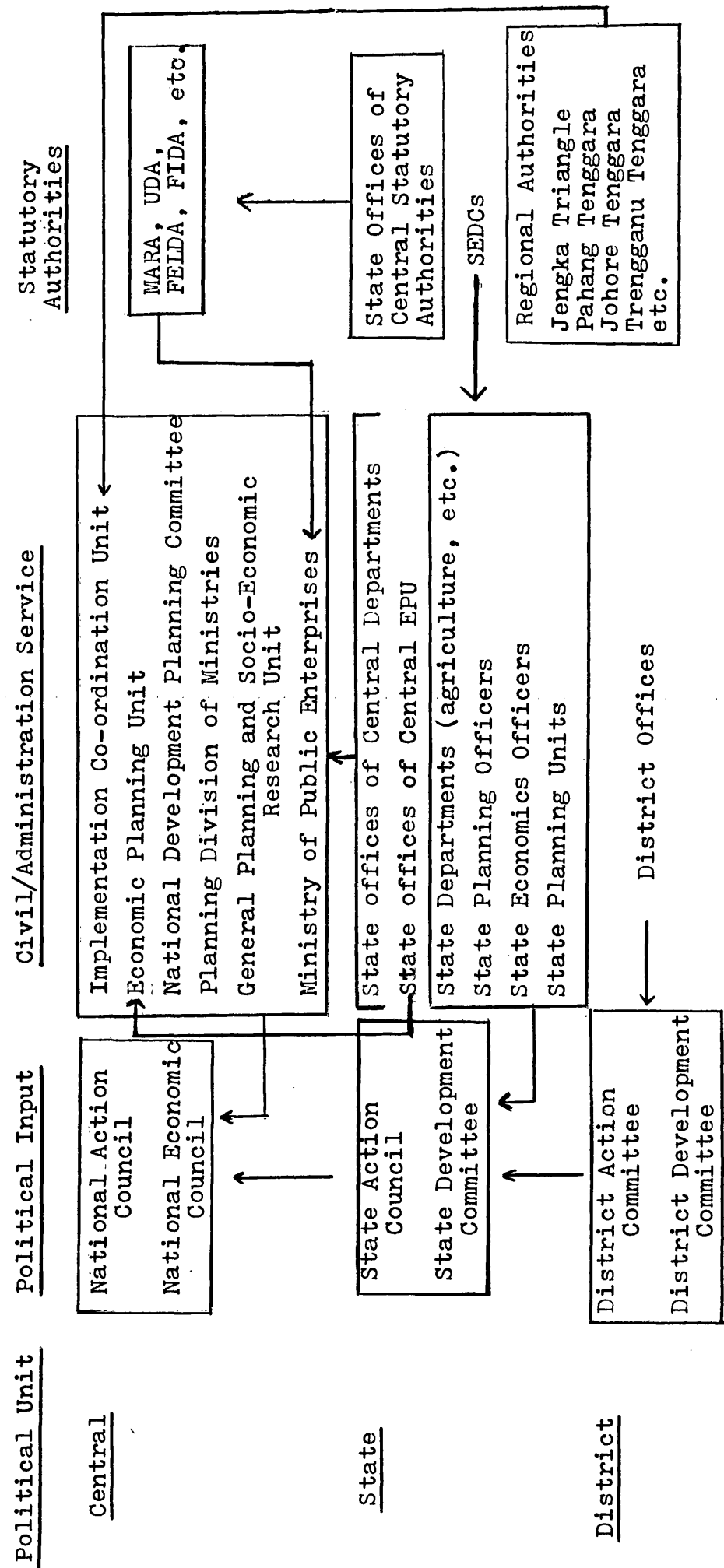
139. This Committee was established during the SMP period. See SMP, P.115. The ICDAU then served as the Secretariat to this SEDCs' Co-ordinating Committee. See Senftleben, W., *op.cit.*, p.130.

140. For details of these responsibilities, see SMP, p.115.

141. On December 1980, the Minister of Public Enterprises, Datin Paduka Rafidah, stated that her Ministry intended to table a regulation exercising control and co-ordination of SEDCs throughout the country at the next sitting of Parliament. See *The Star*, 8.12.80.

142. *NST*, 29.4.78.

**Figure 3:** Planning and Implementation Machinery in Peninsula Malaysia.



Note: Arrows indicate lines of responsibility or superordination.

National development planning, economic or social, is dominated, inevitably perhaps, by the Central Government. States participate within the framework of national priorities which are determined at the Central level and are subordinate to the national five-year plans. Several reasons account for this. The Constitution concentrates legislative, executive and financial powers in the Central Government. In comparison to the States, there is a readily available pool of senior and experienced Central officers with the required technical knowledge at the Central level. These apart, the following two reasons seem to be the most important in explaining Central dominance. First, the same political party, first the Alliance and then the National Front, controls the Governments in all the States of Peninsula Malaysia (with certain exceptions) as well as in the Centre. Second, the States' financial dependence on the Central Government places them in a relatively weak position vis-a-vis the Centre despite their control of certain matters. Planning implies some amount of centralisation in decision making which the Central Government dominates because it can secure acceptance of national policies and programmes through the leverage of loans, grants and subsidies.

Central dominance has established the States as important agents in the top-down co-ordination of development efforts. Through the Centrally-directed establishment in each State of the SDOs and their staff, the development committees, the SEPUs and the liberal 'use' on secondment or loan of Central officers, Central administrative links to the States are being tightened. The Centrally-determined development programmes have simultaneously increased the centralisation of the administration responsible for implementing and co-ordinating these programmes.

The Central and State Governments are no longer confident that the existing structure and areas of administration can provide an adequate framework for large programmes of development. This is indicated by the increase in the number of Central and State statutory bodies. A new pattern of Centre-State administrative relations may emerge, one that may increasingly emphasize the necessity of Centre-State co-operation in the development field.

### Conclusion

Malayanization significantly altered the composition of the MCS and paved the way for the dominance of former MAS officers within it. Since they were educated in, recruited from and largely employed in the former FMS States, their dominance within the MCS underlines the geographical unrepresentativeness of this Service.

The Central Government is by far the largest single employer of public employees. This, together with the complete dependence of States with federalised bureaucracies on the personnel of the Central administrative, professional and technical services have placed the Central Government in a strong position in its relations with these States. These States, after all, depend on such Central officers to execute their policies. The exception to this complete dependence, perhaps encapsulation, are the States with non-federalised bureaucracies. These States have their own SCSs and whose officers hold all the key administrative posts within the State. They depend only on personnel of the Central professional and technical services. These States, in comparison to the former, do enjoy and exercise a certain degree of autonomy in the execution of their policies. Thus, the level of dependence on Central officers is uneven between States.

The Central Government's dominance in development planning and implementation do have an impact on Centre-State administrative relations, not least because the development programmes and with this the administrative structure now reflect a national pattern determined at the Central level. Indeed these development programmes represent strongly centralizing tendencies because they carry the imprint of Central perspectives.

## Chapter 7

### Centre-State Administrative Relations: Kedah and Pahang compared.

This chapter compares Kedah and Pahang with regard to their respective administrative relations with the Centre. The bureaucracies of Kedah and Pahang belong, respectively, to two different bureaucratic traditions, those of the former Unfederated Malay States (UFMS) and the Federated Malay States (FMS).

#### Historical Background

Kedah: The nucleus of Kedah's administrative cadre had already been established when all

"rights of suzerainty, protection, administration, and control whatsoever"

over Kedah, Kelantan, Trengganu and Perlis were ceded by Siam to the British Government in 1909.<sup>1</sup> Malay Government in Kedah had been well established by then.<sup>2</sup> According to Roff, by 1909 Kedah had combined modern bureaucratic organization to traditional systems of State Government and

"Though centralized administrations of this kind were still only in infancy, they were staffed almost entirely by Malays".<sup>3</sup>

Moreover, the Kedah ruling group was collectively dedicated to the continuance of Malay control and the preservation of the Malay characteristics of the State.<sup>4</sup>

Not surprisingly the British Adviser in Kedah was confronted with a strong sensitivity among the ruling group to all attempts to overstep the boundaries of advice and guidance.<sup>5</sup> The first British Adviser to Kedah, Maxwell, was reminded of this by the Sultan and members of the State Council when his activities overstepped his 'Advisers's' role and thus undermined Kedah's autonomy.<sup>6</sup> When the High Commissioner, Anderson, intervened on Maxwell's behalf he met unequivocal resistance from members of the State Council. Immediately after Anderson's

1. Maxwell, W.G., and Gibson, W.S., Treaties and Engagements affecting the Malay States and Borneo, London, JAS Truscott and Sons, Ltd., 1924, p.88.
2. At the end of the 19th Century, there were in Kedah departments like the Treasury, Lands and Survey, Office of the Auditor-General, Posts and Telegraphic Office and Courts of Law. See Sharom, bin Ahmat, "Transition and Change in a Malay State: a study of the economic and political development of Kedah, 1879-1923," Unpub. Ph.D. Thesis, Uni. of London, 1969, pp.159-160.
3. Roff, W.R., The Origins of Malay Nationalism, Kuala Lumpur, University of Malaya Press, 1967, p.94.
4. Sharom, bin Ahmat, op.cit., passim and especially chapter 6.
5. Roff, op.cit., p.94 and Sharom, op.cit., chapter 6.
6. Sharom, ibid., p.258.

departure from Alor Setar (capital of Kedah) two meetings to discuss the situation were held by all Malay Government officers above the rank of clerk. They agreed that they should boycott Government offices. This campaign, with few exceptions, was supported by the Malay officers including the District Officers.<sup>7</sup> Maxwell duly recognised the strong Malay character of Kedah which he emphasised in his Annual Report to the Kedah Government in 1909-1910:

"The State is more purely a Malay State than the States of the Federated Malay States. The Muhammadan, and not the Christian calendar is used. Friday is, as well as Sunday, a day upon which the public offices are closed. The language of the Legislature, the Courts and the public offices is Malay. There are only ten European officers ... There are a few Tamil officers in the Medical and Postal Departments, but with the exception of these officers ... all the government servants are Malays; and of the Malays perhaps not more than a dozen understand any language except their own."<sup>8</sup>

Anderson, after visiting Kedah in 1909, reported that it was impossible to contemplate the early entry of the States that were ceded by Siam to the British Government into the Federation of the Malay States of Pahang, Perak, Selangor and Negri Sembilan. He emphasised that

"This is more particularly the case in regard to Kedah where there is a fully organized central administration composed of Malays, some of them, men of considerable ability and individuality ... They are very tenacious of power and privileges and no doubt the agitation and intrigues which preceded the transfer was largely due to the apprehension that those in power would be reduced to the position of pensioners with only titular authority and duties and that the actual administration would, as in the Federated Malay States, be placed in the hands of Europeans."<sup>9</sup>

He argued that even if Kedah's finances could support a European Staff, it would be highly impolitic and undesirable to displace the Malays. While European assistance for supervision and direction was necessary, he concluded that British policy should be confined to educating and training the Malays to carry on the administration themselves.<sup>10</sup>

Before signing the 1923 Treaty<sup>11</sup> with the British Government the

7. ibid., p.264.

8. Annual Report of the Adviser to the Kedah Government, 1909-1910, Federated Malay States Government Printing Office, 1910, p.13.

9. Anderson's despatch to the Earl of Crewe as quoted in Sharom, op.cit., pp.255-256

10. ibid., p.256.

11. The 1923 Treaty formally defined the relationship between the British Adviser and the Kedah government. See Maxwell and Gibson, op.cit., pp.104-105. In 1910 Kedah had agreed to accept a British Adviser whose powers then were not clearly defined. See Roff, op.cit., p.92, n.3.

Regent of Kedah secured British undertakings designed to maintain the Malay character of Kedah's authority and administration.<sup>12</sup> This Treaty placed Kedah in a unique position in her relationship with the British Government and according to Sharom Ahmat

"this Treaty was to extend to Kedah guarantees which went far beyond any that the British had previously granted".<sup>13</sup>

It reaffirmed Kedah's Malay identity and character.

In administration the British relied on the then existing Central institutions. Thus, officers of the all-European Malayan Civil Service (MCS) were 'seconded' to Kedah. So also were specialist and technical officers of Central Departments made freely available to Kedah.<sup>14</sup>

Despite the penetration of such Central officers, the Kedah administration retained its own individuality as a truly Malay administration. Roff remarks that

"Only in Kedah was there something like a truly autonomous Malay administration acting under British advice ...".<sup>15</sup>

Jones and Purcell were similarly impressed by Kedah's commitment to its perceived place and role within British Malaya as a truly Malay State with minimal foreign participation in the administration of its affairs.<sup>16</sup>

In Kedah, and to some extent in the other States of the UFMS, Malays belonging to the States' Civil Services (SCS) were trained for both subordinate and superior administrative posts in the State. The planned training of Kedah Malays for Government posts resulted from the Kedah Government's deliberate policy of promoting Malay political control of the State.<sup>17</sup> The Kedah Mentri Besar (MB), then called the Secretary to the Government, played a crucial part in this. Using his wide discretionary powers he selected candidates for higher education and decided where they should go and what posts in the State Government they should hold when they returned.<sup>18</sup> The Kedah SCS contained salary

12. See Maxwell and Gibson, op.cit., pp.102-103 and 134-135

13. Sharom, op.cit., p.290.

14. Roff, op.cit., p.95.

15. ibid., p.251.

16. Jones, S.W., Public Administration in Malaya, London, Royal Institute of International Affairs, 1953, pp.92-94, and Purcell, V., The Memoirs of a Malayan Official, Cassell, London, 1965, p.160. Mubin Sheppard, a former MCS officer who at one time served in Trengganu, attached similar qualities to Trengganu. See Sheppard, Mubin, Taman Budiman - Memoirs of an Unorthodox Civil Servant, Heineman, Asia, 1980, p.44.

17. Sharom, op.cit., p.303, n.1.

18. Puthucheary, M., The Politics of Administration: The Malaysian Experience, Kuala Lumpur, Oxford University Press, 1978, P.15.



scales equivalent to those of the MCS. In 1946 there were 26 officers in the Kedah SCS drawing salaries of \$400 per month (the starting salary for the MCS) or more.<sup>19</sup> Up till and beyond Malayan independence, as later discussion will show, Kedah had a fully fledged SCS that it controlled.

Pahang: The experience of Pahang was different. As part of their forward policy the British, in succession, entered into a series of treaties with the States of Perak, Selangor, Negeri Sembilan and Pahang.<sup>20</sup> These treaties paved the way for direct British participation in the administration of these States, although in principle these treaties envisaged the appointment of a British Resident to each State with powers only to advise the Ruler of the State.<sup>21</sup> In these States, a different objective situation prevailed in the 1870's and as Swettenham claimed,

"The British, on arriving here, found no Native Civil Service ... which could gradually be reformed and disciplined. On the contrary, an English Civil Service had to be created, and many years must elapse before any appreciable numbers of Malays will be fitted to take their due or any prominent place in the labours of Administration".<sup>22</sup>

Following British intervention in Pahang the administration expanded into an elaborate bureaucracy, one that was led and staffed by Europeans including the State Civil and Specialist Services. 'To provide for administrative uniformity' the FMS was established by the Treaty of 1895<sup>23</sup>, and the Administrative and Specialist Services of Perak, Selangor, Negeri Sembilan and Pahang were merged to form Central Services.<sup>24</sup> A unified MCS was established 'in the interest of efficiency'.<sup>25</sup>

19. ibid., p.15, Table 2.3.

20. Maxwell and Gibson, op.cit., pp.28-30, 36, 63, 66-68. In Pahang, resistance to British control led to the revolt of 1891-92. See Cowan, C.D., Nineteenth Century Malaya: the origins of British political control., London, Oxford University Press, 1962, p.270.

21. Ginsburg, N. and Roberts, Jnr. C.F., Malaya, Seattle, University of Washington Press, 1958, p.428.

22. As quoted in Roff, op.cit., pp.13 and 94.

23. Maxwell and Gibson, op.cit., pp.70-71.

24. Centralized departments for such matters as finance, public works, lands and mines, agriculture and police were established. See Roff, op.cit., p.13.

25. ibid., pp.21-22. According to Purcell the MCS was formed in 1906 with the merging of the Malay States Civil Services and the Settlement Civil Services. Purcell, op.cit., pp.290-291. See also Tilman, R.O., Bureaucratic Transition in Malaya, Durham, Duke Uni. Press, 1964, p.46, n.23. According to Allen, the title 'Malayan Civil Service' was invented only in 1919. See Allen, J. De Vere, "Malayan Civil Service, 1874-1941", Comparative Studies in Society and History, Vol. 12, No.2 (1970), pp.150-151.

The Rulers then enjoyed the rights of self-government only in matters relating to Malay custom and religion. Since the establishment of a British Resident system in each of the States, the Rulers had only in theory enjoyed the right of self-government. In practice the British Residents had usurped the Rulers' right in whose name they rule.<sup>26</sup> This gulf between theory and practice, according to Cowan, was widened by the Federation Agreement of 1895 because

"What resulted was not a Federation of Malay States, but union with a British directed central government".<sup>27</sup>

Emerson also commented that

"It is difficult to envisage any federal scheme in which the power and privileges of the component units would be in no way diminished".<sup>28</sup>

With the establishment of the FMS the British Resident in each State was subordinate to the Governor of the Straits Settlements who was also the High Commissioner of Malaya and, below the Governor, the Resident-General in Kuala Lumpur.

Before the FMS was established the British Officers in the four States led and staffed the respective SCSs. Nevertheless, there was some sense in which they did identify with the State in which they served and they were equally viewed, especially by the Rulers, as officers of the State. With the establishment of the FMS, administrative centralization<sup>29</sup> was begun through the establishment of a unified Service of Central officers who then manned the State departments and who could be transferred between the States, several Central departments in each State and the federalisation of several State departments manned also by Central officers. This destroyed whatever autonomy enjoyed by the former SCSs and according to Emily Sadka,

"These changes were of importance to Rulers, who might hitherto have had little power, but who had at least been able to identify certain services and officers belonging to their own States, and derive some reassurance from long acquaintance with them."<sup>30</sup>

26. Emerson, R., Malaysia: A Study in Direct and Indirect Rule, New York, Macmillan, 1937, p.137.

27. Cowan, op.cit., pp.270-271.

28. Emerson, op.cit., p.137.

29. See Sidhu, J.S., "British Administration in the Federated Malay States, 1896-1920", Unpub. Ph.D. Thesis, Uni. of London, 1975, p.113. For a discussion on the increasing establishment of Central departments and the federalisation of several State departments in the States of the FMS, see Burns, P.L., "The Constitutional History of Malaya with special reference to the Malay States of Perak, Selangor, Negeri Sembilan and Pahang, 1874-1914", Unpub. Ph.D. Thesis, Uni. of London, 1965, chapters 6-7.

30. Sadka, Emily, The Protected Malay States, 1874-1895, Kuala Lumpur, Oxford University Press, 1968, p.379.

Not surprisingly the opposition to the establishment of the Federation came largely from local British administrators within the States who were

"jealous of the independence and freedom of action which they enjoyed as a result of their loosely defined authority ... Yet the principle of non-interference [by the British administrators] with native rulers was noisily invoked to defend the personal rule of Resident and Governor".<sup>31</sup>

The British Residents led this opposition even to the extent of being viewed as the champions of States' rights in opposition to the Colonial Office demands.<sup>32</sup>

The participation of Malays as senior administrative officers within the administration of the States, apart from the formal role of the Rulers and members of the Royal Court, was negligible. In 1910, a special Central Service, the Malay Administrative Service (MAS), was created especially for Malays who had attained that level of education and who wished to become civil servants.<sup>33</sup> Its establishment was a response to the demands for Malay participation (in effect an earlier version of Malayization) and a consequence of the decentralization policy.<sup>34</sup> The MAS was largely envisaged then as a junior service, with the promise of being a filter or feeder service to the MCS.<sup>35</sup>

The MAS was a service of the FMS only, recruited from among suitably qualified Malays of the four States of the FMS. MAS officers served only in their own States and usually held junior posts in district administration.<sup>36</sup> Their duties were more nearly clerical

31. Sadka, Emily, "The Colonial Office and the Protected Malaya States", in Bastin, J. and Roolvink, R., eds., Malayan and Indonesian Studies: Essays presented to Sir Richard Winstedt on his eighty-fourth birthday, Oxford, Clarendon Press, 1964, p.186. The principle of non-interference by British administrators in each State was part and parcel of, and by then the myth of a British Resident system based on 'advice'.
32. ibid., p.187. See also Burns, P.L., op.cit., chapters 5-6.
33. Jones, op.cit., p.90; Puthuchear, op.cit., p.11; Roff, op.cit., pp.104-109; Tilman, R.O., "The Malay Administrative Service, 1910-1960", The Indian Journal of Public Administration, Vol. 7, April-June 1961, pp.145-157.
34. Ghosh, K.K., Twentieth Century Malaya: Politics of Decentralization of Power, 1920-1929, Calcutta, Progressive Publishers, 1977, pp.144-152.
35. Roff, op.cit., p.105. There were 4 grades within the MAS; Special Grade, Grade 1, 11 and 111.
36. See Roff. ibid., pp.105-107, and Sidhu ibid., p.323.

than administrative. Promotions within the Service were agonisingly slow and irregular.

Certain changes were introduced in 1917 so as to expedite the promotion of MAS officers into the MCS.<sup>37</sup> Despite these changes and S.W. Jones' suggestion that Clementi's decentralization plan of 1932 had brought about the acceleration of promotion from the MAS<sup>38</sup>, the rate of filtration or promotion of MAS officers into the MCS was markedly low.<sup>39</sup>

Pahang, as part of the FMS experienced a more direct and pervasive British involvement in its administration than Kedah. Without its own SCS, its administration came to be dominated by the mainly European MCS and other Central technical and professional services which were controlled by the Central Government at Kuala Lumpur. In this the Malay officers of MAS played their customary subordinate and junior role. This tradition of dependence was to remain up till Malayan independence and continued thereafter.

37. See Sidhu, *ibid.*, pp.323-324; Roff, *ibid.*, pp.107-108; Puthuchear, *op.cit.*, p.11; and Allen, *op.cit.*, p.176.

38. Jones, *op.cit.*, p.90. Jones also stated that as part of Clementi's decentralisation plan, a separate clerical service for each State of the FMS was created. This service was open to candidates of all nationalities who were born and educated in the FMS with preference given to Malays. He argued that this "had a passing value in reviving the morale of the State Governments, and the sharp revision of the standing of Federal Heads was all to the good, since it checked the strongest influence at work in smothering under a purely British organization political systems which the British Government had been instructed only to advice". The so-called decentralisation policy dominated the 1920's and 1930's but was not carried through in its entirety. Allen conjectured that "If decentralisation as originally envisaged by Guillemard and still more, Clementi, had been carried through, the steady growth in numbers and expansion of influence of the MCS would have been checked, and indeed its numbers in the FMS would have decreased considerably as the regimes in those States came to approximate more closely to the Unfederated ones. The bogus Malay participation in administration represented by the MAS would have been replaced by a genuine partnership with Malays in the State Governments, whose recruitment the MCS by no means controlled". Allen, *op.cit.*, p.178.

39. Puthuchear, *ibid.*, pp.11-12; Nordin Selat, *Kelas Menengah Pentadbir Melayu*, Kuala Lumpur, Utusan Melayu (M) Bhd., 1976, pp.130-131, 144-146. Allen argued that "the way the MAS worked had an important legacy in that it was not through the central civil service that non-Europeans first wrested a measure of real power from the British but through the State Governments; and it was men like Dato Panglima Bukit Gantang (who, having been refused

The tradition of administrative autonomy in Kedah was due to several factors: the flexible nature of British participation in the State's administration, the role of the Sultan in preserving some semblance of 'independence' and the emphasis being placed on the use of sons of Kedah, as officers of Kedah's own SCS, for most of the key administrative posts within the State bureaucracy. The tradition that developed in Pahang was one of total dependence on the Central Services. This was, in no small measure, due to the more aggressive British participation in the State's administration. While Kedah had a SCS that it could claim as its own, Pahang could make no such claim.

Kedah's response to the Central Government's plan to federalise the State Civil Services.

This section deals with Kedah's response to attempts by the Central Government to federalise or, more appropriately, uniformalise Kedah's SCS. In early 1957, the Albakri Committee<sup>40</sup> approached the Kedah State Government<sup>41</sup> for its suggestions on how best to achieve the integration of its SCS with that of the Central Services. The Committee's memorandum on the proposal for integration of the Services was straightforward: States with their own SCSs would have these Services integrated through being merged with the MAS.<sup>42</sup> This memorandum was submitted to the then State Secretary of Kedah who submitted it without comment to the State Executive Council (Exco) for decision. The State Exco felt that it could not decide on this matter either since it touched on the position of the Sultan and his authority in relation to the Kedah SCS. The State Exco referred the memorandum to the Sultan for his 'advice'. According to a respondent<sup>43</sup>, the Sultan's 'advice', written on the memorandum itself, was terse: something to the effect that

"A Sultan without a State Civil Service will be without authority".

39. (Cont.) entry to the MCS and turned down the MAS, became Perak's first-ever non-MCS Mentri Besar) who led the onslaught. This in turn strengthened the federal structure and the Malay dominance in the nationalist movement". Allen, *ibid.*, p.177.

40. See Chapter 5.

41. Discussion based on interviews with both past and present Central and Kedah civil servants.

42. According to Datuk Shaari, a former State Secretary of Kedah, Kedah was not represented in the Albakri Committee. Interview with Datuk Shaari, 17.12.80.

43. Interview with a former State Secretary of Kedah, 17.12.80 (subsequently referred to as "A"). Sultan Abdul Halim was then the Sultan of Kedah.

He feared that integration of the Services would lead to the loss of his power (perhaps influence) over the appointment of Kedah civil servants to the top posts of the Kedah bureaucracy. For integration would mean the transfer of power over appointments from the State to the Central level.<sup>44</sup> The State Exco accepted the Sultan's 'advice' and rejected the Albakri Committee's memorandum.<sup>45</sup>

According to a respondent<sup>46</sup>, a State level committee comprising members of Kedah Civil Service Union was also established to study the Albakri Committee's memorandum. The State level committee rejected the idea of integrating the Kedah SCS with the Central Service because, in this respondent's words,

"We want to have a separate identity for the Kedah Civil Service".<sup>47</sup>

This committee justified its decision by referring to the fact that the Sultan of Kedah was also against it.<sup>48</sup>

The senior and more experienced members of the Kedah SCS resented the fact that the integration proposal accorded them second class treatment since it proposed the merging of Kedah SCS with the MAS and thus neglected their long term of service in the SCS. Since MAS was a Division II Service compared to the MCS which was a Division I Service, the integration would only accord Kedah civil servants with Division II ranking. A respondent<sup>49</sup> commented that if the suggestion was to give the Kedah civil servants with Division I ranking then at least the integration proposal could have been discussed in more detail. The pervasiveness of a strong sense of loyalty among the Kedah civil servants hindered the acceptance of what was then viewed as a generally unacceptable package.<sup>50</sup>

44. Interview with En. Zainal Rashid b. Hj. Ahmad, currently holding the post of Chief Assistant to the State Secretary of Kedah (Service Section), 15.12.80.

45. Interview with "A". Johore also rejected the proposal. "A" did not know, however, whether Kedah consulted Johore or not on this matter, or whether Johore rejected this proposal before or after Kedah.

46. Interview with Datuk Mohamad Sherif, a former Kedah State Financial Officer in the mid-1970's and currently the Chairman of the State PSC, 13.12.80. He was a member of this State level committee.

47. ibid.

48. ibid.

49. Interview with En. Zainal Rashid.

50. ibid. The theme of loyalty to the State of Kedah among members of the Kedah SCS was frequently raised in the interviews not only with Kedah civil servants but also with Central civil servants who saw this as unnecessary and unhealthy parochialism.

Some junior members of the Kedah SCS, however, were receptive towards the integration proposal since it would open the door to greater promotion opportunities that were available within the Central Service. However, as far as Kedah, its Sultan and the majority within the Kedah Civil Service Union were concerned, Albakri Committee's integration proposal was a non-starter.

The Federation Establishment Office (FEO) that replaced the Albakri Committee pursued a two-tier approach to the question of integrating the SCSs with that of the Central Services: those holding Division I and II posts within the SCSs would be integrated into the MCS and the MAS respectively. Table 1 compares the Divisions I and II posts within the bureaucracies of Kedah (non-federalised) and Pahang (federalised) held by either the officers of the Kedah SCS, the MCS and the MAS in 1958. Table 2 compares the salary scales of Division I and II posts within the bureaucracies of Kedah and Pahang held by either the officers of the Kedah SCS, the MCS or the MAS in 1958. The FEO's approach would mean that the Divisions I and II posts within the Kedah SCS would become, on integration, MCS and MAS posts respectively. Table 2 indicates that of the twelve Division I posts held by the SCS, the one superscale D would become an MCS superscale D post. The Kedah SCS Class 1A range of salaries was within that of the MCS Senior Timescale, and thus integration would have placed the six Class 1A SCS posts in the Senior Timescale of the MCS. The top salary of the SCS Class 1B was higher than the lowest salary of the Senior Timescale of the MCS but the lowest salary of the SCS Class 1B was lower than the top salary of the Timescale of the MCS. Integration would thus have split up the five Class 1B SCS's posts into Senior Timescale and Timescale of the MCS. In Division II, the SCS's Timescale range of salaries started from a lower level than that of the MAS Timescale although both had similar ceiling levels. The sixty Division II SCS's posts would on integration, have become MAS posts and SCS officers at the lower end of the SCS Timescale range of salaries (below \$415) would have gained immediately. Not surprisingly several junior officers of the Kedah SCS were receptive towards the integration proposal. However, the FEO's approach also failed because of the unenthusiastic attitude of the Kedah State Government, the Sultan and the majority in the Kedah State Civil Service Union.<sup>51</sup>

In early 1970's<sup>52</sup> the Central Government, through the Public

51. Interview with Datuk Shaari.

52. ibid. The specific date was not revealed.

Table 1: The number of Division I and Division II Posts within the bureaucracies of Kedah and Pahang held by officers either of the Kedah SCS, the MCS or the MAS in 1958.

<u>Post</u>	<u>Kedah</u>		<u>Pahang</u>	
	SCS	MCS	MCS	MAS
Division I	12	4	20	0
Division II	60	0	0	17
<u>Total</u>	<u>72</u>	<u>4</u>	<u>20</u>	<u>17</u>

Source: Kedah, Estimates of Revenue and Expenditure, 1958.  
Pahang, Estimates of Revenue and Expenditure, 1958.  
Federation of Malaya, Federation Staff List, 1958.



Table 2: Salary Scales of Division I and Division II Posts within the bureaucracies of Kedah and Pahang held by officers either of the Kedah SCS, the MCS or the MAS in 1958.

<u>Division I</u>	<u>Kedah</u>		<u>Pahang</u>	
	<u>SCS</u>	<u>MCS</u>	<u>MCS</u>	<u>MAS</u>
<u>Staff Appointments.</u>				
<u>Salary in \$ per month.</u>				
Superscale A \$1970				
Superscale B \$1850				
Superscale C \$1760				
Superscale D \$1670	1			
Superscale E \$1580				
Superscale F \$1490		1	1	
Superscale G \$1430				
Superscale H \$1360				
Kedah SCS				
Class IA \$1057-1141	6			
Kedah SCS				
Class IB \$ 836-1037	5			
Senior				
Timescale \$ 982-1254		3	4	
Timescale \$ 592- 934			12	
<u>Division II</u>				
Federal MAS				
Timescale \$ 415- 813				17
Kedah SCS				
Timescale \$ 280- 813	60			
<u>Total</u>	<u>72</u>	<u>4</u>	<u>17</u>	<u>17</u>

Source: As for Table 1.

Services Department (PSD) or the Jabatan Pentadbir Awam (JPA), revived its integration plan.<sup>53</sup> The PSD's integration plan also contained a similar two-tier approach.<sup>54</sup> Tables 3 and 4 respectively compare for 1971 the number of Divisions I and II posts and the salary scales of such posts within the Kedah and Pahang bureaucracies held by officers of either the Kedah SCS, the Malaysian Administrative and Diplomatic Service (MADS) or Perhidmatan Tadbir dan Diplomatik (PTD), and the General Administrative Service (GAS) or Perhidmatan Tadbir AM (PTA). As in the earlier plan, Divisions I and II officers of the Kedah SCS would be integrated with the PTD and the PTA respectively. On integration, of the thirteen Division I posts within the Kedah SCS, the one superscale D and H posts would have become superscale D and H PTD posts. The SCS Classes 1A and 1B ranges of salaries were well within that of the PTD's Senior Timescale. Consequently, the other eleven Division I SCS posts would have become Senior Timescale PTD posts. In Division II the SCS's and PTA's ranges of salaries were similar and thus the sixty-one Division II SCS posts, following integration, would have become PTA Timescale posts. No one would have immediately benefited from this integration plan.

The two-tier approach, intentionally or otherwise, resulted in divisions within the Kedah SCS.<sup>55</sup> This was to be expected since Divisions I and II SCS officers would be absorbed into the elite PTD and junior PTA respectively. By integration these Division I officers would be free of the promotional confines of the Kedah SCS and thus enhancing their chances of being promoted to higher superscale posts that were available only within the PTD.<sup>56</sup>

However, the majority of Division II officers of the Kedah SCS felt that they would not gain immediately from integration: they would gain only in the long-term through promotion from the PTA to

53. The federalisation plan was revived at the instigation of Tun Razak, then Prime Minister. Both Central and State civil servants interviewed attributed the driving force for this to Tun Razak.

54. Interview with Datuk Shaari. According to him the integration plan was discussed, without much success, at one of the meetings of the Federal-State Liaison Committee under the chairmanship of Tan Sri Abdul Kadir Shamsuddin, then Chief Secretary to the Central Government. Several working papers were prepared and submitted to Kedah. Dr. Elyas Omar, the Deputy Director of the Public Services Department in 1980, was intimately involved in the preparation of such papers. Interview with Dr. Elyas Omar, 18.8.80.

55. Interview with Datuk Shaari.

56. In 1971 the PTD had a total of 263 Superscale posts. See chapter 6, Table 6.

Table 3:    Number of Division I and Division II Posts within the Bureaucracies of Kedah  
and Pahang held by officers of either the Kedah SCS, PTD or PTA in 1971.

<u>Posts:</u>	<u>Kedah</u>	<u>Pahang</u>	
	<u>SCS</u>	<u>PTD</u>	<u>PTA</u>
Division I	13	24	-
Division II	61	-	18
<u>Total</u>	<u>74</u>	<u>24</u>	<u>18</u>

Source: Kedah, Estimates of Revenue and Expenditure, 1971.  
Pahang, Estimates of Revenue and Expenditure, 1971.  
Federation of Malaysia, Senarai Pegawai-Pegawai Persekutuan, 1971.

Table 4: Salary Scales of Division I and Division II Posts within the bureaucracies of Kedah and Pahang held by officers of either the Kedah SCS, PTD or PTA in 1971.

<u>Division I</u>	<u>Kedah</u>		<u>Pahang</u>	
	<u>Kedah SCS</u>	<u>PTD</u>	<u>PTD</u>	<u>PTA</u>
<u>Staff Appointments.</u>				
<u>Salary in \$ per month.</u>				
Superscale A \$1970				
Superscale B \$1850				
Superscale C \$1760				
Superscale D \$1670	1		1	
Superscale E \$1580				
Superscale F \$1480			1	
Superscale G \$1430			1	
Superscale H \$1360	1		1	
Kedah SCS				
Class IA \$1254	4			
Kedah SCS				
Class IB \$1094-1196	7			
Senior				
Timescale \$ 982-1254 }			20	
Timescale \$ 592- 934 }				
<u>Division II</u>				
Federal PTA				
Timescale \$ 310-1014				18
Kedah SCS				
Timescale \$ 310-1014	61			
<u>Total</u>	<u>74</u>	-	<u>24</u>	<u>18</u>

Source: As for Table 3.

the lower ranks of the PTD. This could be a lengthy and difficult exercise in which they would have to compete with the other PTA officers. Even when promoted they would most likely be quite advanced in age and thus could not realistically aspire to the higher superscale posts within the PTD. It would seem, so they thought, that integration would condemn them to a permanent junior status for the most part, or perhaps the whole part, of their administrative careers. Through the Kedah SCS Union they rejected the integration plan.<sup>57</sup> At issue was the unease of the Division II officers of the Kedah SCS over their chances of promotion, once integrated, from the PTA to the PTD compared to that within the Kedah SCS. Even if the Kedah SCS union were to have agreed to the integration plan, the Sultan's consent would still have had to be obtained.<sup>58</sup> He would and apparently did have the final say on this. When the State Exco received the integration plan it once again referred the matter without comment to the Sultan for his 'advice'. The Sultan, perhaps recalling his father's uncompromising stand, wrote on the proposal page something to the effect that

"A Sultan without a State Civil Service will be without authority".<sup>59</sup>

The Sultan saw the integration plan as an attempt by the Central Government to nibble away at the remaining powers that still remained with the State and thus viewed it as against the spirit of the State Agreement of 1957.<sup>60</sup> He felt that the continued existence of the Kedah SCS was, if anything, more necessary and symbolic than ever in that it portrayed a semblance of State autonomy over matters that, to him, reflected indirectly on his own status, prestige and power. He wanted the Kedah SCS to remain as independent of the Central Government as possible.

57. Interview with Datuk Shaari. Most of the Kedah SCS officers did not like the idea of being uprooted from Kedah. They felt that through integration with the Central Services they could be transferred to other States. They did and still do exhibit a strong sense of commitment to Kedah. Members of the Kelantan SCS also opposed the plan. According to a former Kelantan SCS officer, who was formerly the Assistant State Development Officer in Kelantan, the Kelantan SCS officers were involved in corrupt practices especially in land dealings and they correctly believed that integration would undercut their vested interests. Interview with this officer, 16.12.80.

58. Interview with Datuk Shaari.

59. Interview with "A". The Sultan then was Sultan Badlisah.

60. ibid.

The then Prime Minister, Tun Abdul Razak, contacted and consulted the then MB of Kedah, Datuk Syed Ahmad Shahabuddin, over the State's refusal to accept the integration plan. The PM's intervention was to no avail. Obviously the MB<sup>61</sup> was not successful in persuading the Sultan to change his mind. The Sultan's power appeared decisive. In August 1975, after the State bureaucracies of Penang and Malacca had been successfully integrated and federalised, the MB of Kedah, speaking in the State Legislative Assembly, reiterated that the State Government had no intention of allowing the integration of the Kedah SCS with the MCS.<sup>62</sup> Rather quaintly, he argued that integration was not necessary because the State had its own civil service.<sup>63</sup> A respondent<sup>64</sup> claimed that the Central Government, especially during Tun Razak's Prime Ministership, was gradually persuaded that the Kedah Government, Kedah SCS Officers and the Sultan were unyielding in their opposition to the integration plan. It would seem that the Central Government had accepted Kedah's position from the mid-1970's when it agreed to improve the Kedah SCS's pay scales.<sup>65</sup> The implication was that the Central Government had accepted the importance that Kedah placed on the need to maintain the 'autonomy' of its SCS. Kedah's response to the Central Government's federalisation plans had indeed been true to its history.

#### Pahang and Kedah compared

Impact of State Public Services Commissions: The Pahang PSC was established on February 10, 1961.<sup>66</sup> Its responsibilities include

"... perlantekkan, pengesahan kemasokan dalam jawatan tetap atau bersara, naik pangkat, pertukaran, kawalan tata tertib di-atas pegawai<sub>2</sub> di-dalam perhidmatan awam Negeri. "Pertukaran" tidak termasuk pertukaran dengan tidak menukar pangkat sama ada di-dalam suatu jabatan atau di-antara jabatan<sub>2</sub> kerajaan".<sup>67</sup>

[Translation:

"... appointment, confirmation to a permanent or pensionable

61. He belonged to the same political party, the United Malays National Organisation (UMNO), and the PM was the President of UMNO. Since power, as indicted in chapter 9, is concentrated in the office of the President tremendous pressure could have been placed on the MB to try and persuade the Sultan.
62. Straits Times (ST), 18.8.75. This was in reply to a question raised by an Independent Member of the State Legislative Assembly, HJ. Abdul Rashid b. Mehad, during a debate in this Assembly.
63. ibid.
64. Interview with Datuk Shaari.
65. Through the Suffian Report of 1969 and 2 subsequent Cabinet Committee Recommendations of 1976 and 1980.
66. Pahang PSC, Annual Report, 1962, p. 1.
67. ibid. The Pahang PSC comprises the Chairman and three other members. They are appointed by the Sultan on the MB's advise for a three-year term.

post, promotion, transfer, supervision of discipline over officers within the State public service. "Transfer" does not include transfer without a change of rank whether within a government department or between departments."]

Pahang depends on the Central PTD and PTA, professional and technical services to fill the State's key administrative, professional and technical posts respectively. As Central Services' officers<sup>68</sup> they are subject to the rules and conditions of service controlled principally by the Central Government. Seconded to posts within the State bureaucracy<sup>69</sup>, they remain members of the respective Central Services<sup>70</sup> and are therefore subject to the jurisdiction of the Central PSC.<sup>71</sup> A respondent<sup>72</sup> explained that they are, in principle, responsible to the State Government as State officers but their career prospects are determined by the Central PSD and PSC. The Constitution provided the Central PSC with powers

"to appoint, confirm, emplace on the permanent or pensionable establishment, promote, transfer and exercise disciplinary control over members of the service or services to which its jurisdiction extends".<sup>73</sup>

Thus, the Pahang State PSC's jurisdiction, despite the statement of its responsibilities and jurisdiction, is practically confined to the State's own Clerical Services and those below this. The State PSC's powers over seconded Central officers in State posts are in fact limited for these officers are subject to the jurisdiction of two Central institutions, the PSD and PSC.

In 1967, Pahang attempted to have some say over disciplinary matters within the State Public Service. Through an amendment of the State PSC Enactment<sup>74</sup> the State PSC's powers and functions, except that of initial appointment to permanent or pensionable posts, were taken over by a Board appointed by the Ruler-in-Council.<sup>75</sup> The Board had responsibilities, as defined in 1969, over promotion and

68. Officers of the 'Central Service' are those public servants who are recruited by and whose terms and conditions of service are governed by the Central Government even though many of these officers may be responsible to the individual States in the execution of their duties.

69. Article 134(1) of the Constitution.

70. Article 134(2) of the Constitution.

71. Articles 132(1) and 139(1) of the Constitution.

72. Interview with Dr. Elyas Omar.

73. Article 144(1) of the Constitution.

74. Undang<sub>2</sub> (Pindaan) Suruhanjaya Perkhidmatan Awam Negeri, 1967 (Enactment Bill 7/1967). See Pahang PSC, Penyata Tahunan, 1967, p.1.

75. ibid. The Board assumed its functions on December 15, 1968. See Pahang PSC, Penyata Tahunan, 1968, p. 1.

disciplinary matters and it was stated that

"Sunggoh pun begitu Raja dan Majlis telah menetapkan bahawa Lembaga Rayuan Tata-Tertib bagi pegawai<sub>2</sub> Perhidmatan Awam dalam Bahagian 1 dan 11, ia-lah Suruhanjaya Perhidmatan Awam Pahang ini".<sup>76</sup>

[Translation:

"Notwithstanding this the Raja and Council had decided that the Disciplinary Appeals Board for Division 1 and 11 officers of the Public Service is the Pahang Public Service Commission."]

However, a respondent<sup>77</sup> indicated that the Sultan rather than the State PSC or the Board had exercised, although infrequently, influence over disciplinary matters involving Divisions 1 and 11 officers.

The Kedah PSC, established in 1960, was similarly empowered

"to appoint, confirm, emplace on the permanent or the pensionable establishment, promote, transfer and exercise disciplinary control over persons in the public service of the State".<sup>78</sup>

Officers of the Central Services seconded to Kedah do not come under the Kedah PSC's jurisdiction.<sup>79</sup> They, therefore, in both Kedah and Pahang, are in a similar position vis-a-vis the respective State PSCs'. The crucial and main difference is that while all of Pahang's top administrative posts are held by seconded PTD officers, such posts in Kedah are held by Kedah SCS officers. Thus, Kedah, through the State PSC, can exercise 'closer' supervision and control over its top administrative officers; Pahang's State PSC cannot similarly exercise supervision and control over its seconded Central officers occupying the State's top administrative posts.

76. Pahang PSC, Penyata Tahunan, 1969, p. 1.

77. Interview with a former State Secretary of Pahang (subsequently referred to as "B"), 20.8.80. This was not surprising since these officers were seconded to and accepted by the State with the Sultan's consent and he could withdraw such consent if any of the officers were, to him, found wanting. Such cases had produced tension with the PSD which initially recommended such officers to the State.

78. State of Kedah, State Public Service Commission, Enactment, 1959, Section 8 (1).

79. ibid., Section 2 (2) (e). The State PSC comprises a chairman and not less than 2 and not more than 3 members. They are appointed by the Sultan acting in his discretion but after considering the advice of the MB. See ibid., Section 3 (2). The Chairman is appointed from among members of Kedah's SCS or from members of the Central judicial and legal service, Central general public service or the joint public services. See Article 132(1)(b), (c), (f) and (g) of the Constitution. In Pahang a similar procedure applies in the appointment of the State PSC's Chairman. However, since Pahang does not have its own SCS from among whose officers to appoint as the PSC's Chairman, it therefore must depend on members of the Central Service. As in Kedah and Pahang, the MB's advice to the Sultan regarding whom to appoint as Chairman and members of the respective PSCs may be crucial in determining the



Appointments: Certain posts within State bureaucracies can be designated as 'special posts' by the Ruler or Governor of a State.<sup>80</sup> These refer to posts held by the Head or Deputy Head of a State department or by an officer who in the Ruler's or Governor's opinion is of similar status. Appointments to these posts are made by the Ruler or Governor acting on the State PSC's recommendation and after considering the MB's advice.<sup>81</sup> Thus, Rulers and Governors are in a position to influence appointments to these posts. Suitability of candidates recommended for such posts may well be crucial. Sheridan commented that

"Such a provision is presumably designed to ensure that in those senior posts in the public service in which the personality of the holder is a matter of importance to the government, that government shall have a (duly circumscribed) influence in the matter of such appointment".<sup>82</sup>

The designated 'special posts' include the posts of State Secretary (SSec) State Financial Officer (SFO) and the State Legal Adviser (SLA).<sup>83</sup> In Kedah and Pahang these posts, with the exception of the SLA's post<sup>84</sup>, are filled by Kedah SCS officers and seconded PTD officers respectively.

These special appointments, and the politics involved, differ between Kedah and Pahang. In Kedah the politics of such appointments and also the appointments to other key administrative posts are confined to within the State generally. The active participants in this include

79. (Cont.) 'inclination' of the respective PSCs. The MB's advice, if accepted by the Ruler, could produce a close political link between the State PSC and the State's political leaders. This was the case in Kedah. See Rohani Ahmad, "Personal Administration in Kedah Civil Service", Graduation Exercise, Faculty of Economics and Administration, Uni. of Malaya, Kuala Lumpur, 1972/1973, p. 26. Similarly in Pahang, the Sultan had sometimes appointed, on the MB's advice, party stalwarts and even ex-MBs as members of the State PSC. See Mohd. Ali Hanafiah Sh. Ruji, "The Pahang Public Service Commission", Graduation Exercise, Faculty of Economics and Administration, Uni. of Malaya, Kuala Lumpur, 1970/1971, p. 36.

80. Article 144 (4) of the Constitution.

81. *ibid.*, and Article 144 (5) of the Constitution. In the case of Pahang, since it depended on the PTD and PTA, the PSD, in collaboration with the Central PSC, recommend PTD and PTA officers for such designated posts.

82. Sheridan, L.A., ed., Malaya and Singapore, the Borneo Territories; The Development of their Laws and Constitutions, London, Stevens and Sons, 1961, p.88.

83. The Laws of the Constitution of Kedah, Jabatan Penchetak Kerajaan, Persekutuan Tanah Melayu, 1963, Article 36. The Laws of the Constitution of Pahang, Jabatan Penchetak Kerajaan, Persekutuan Tanah Melayu, 1963, Part 11, Articles 11-13.

84. The SLA's post in Kedah and Pahang is filled by a seconded officer of the Central Judicial and Legal Service.

the Sultan, the political party in power, the SCS officers and the State PSC. More often than not such appointments are keenly competitive and the political manoeuvres intense. These posts are desired because they are at the top of the Kedah SCS salary scales and through appointment to such posts access to the State political leaders and the Sultan becomes formally established. This is because the S Sec, and the SFO are ex-officio members of the State Exco and State Legislative Assembly. Such appointments are treasured because they accord confirmation of high status within the State to the successful appointees.<sup>85</sup>

In Pahang, special appointments necessarily involve Central institutions like the PSD and PSC and, informally, Central political leaders. The Sultan, advised by the MB, has to appoint from a list of names of PTD officers drawn up essentially at the Central level by the PSD and PSC after consultation with the Central political leaders. In this the Central political leaders usually consult the MB, to determine the Sultan's preferences.<sup>86</sup> According to a former S Sec. of Pahang<sup>87</sup>, regarding the appointment of the S Sec, the PSD usually submits a list of names of PTD officers to the MB and then to the Sultan. The Sultan will then choose anyone he thinks 'suitable' to be the S Sec. Appointments to the posts of SFO and SLA are similarly made.

In these appointments the 'suitability' of prospective candidates as perceived by the State political leaders is important. The Sultan also will normally want to be assured that the officers he appoints to special posts can get along with the State authorities and people in the State and, more important, commit themselves to State interests.<sup>88</sup> There were occasions when the Sultan insisted on his 'choice' being accepted as the S Sec for example.<sup>89</sup>

Among the most important other appointments within the State bureaucracy include appointments as the State Director of Lands and

85. Not surprisingly, all the State Secretaries and SFOs were in time honoured by the Sultan with the title 'Datuk'.

86. Interview with Dr. Elyas Omar. Interview with Datuk Rozhan Kuntum, Deputy Chief Secretary to the Government within the PM's Department, 19.8.80.

87. Interview with "B".

88. *ibid.*

89. One such occasion was in 1978. In Pahang in 1978 the State Secretary's post was a Superscale C post while the SFO's was a Superscale E post. When the State Secretary's post became vacant on 1.1.1978 because of the promotion of the then State Secretary, the Sultan apparently insisted that a 'son of Pahang' should be appointed as the next State Secretary. Several names were submitted to the Sultan by the PSD but he did not agree to any.

Mines or Pengarah Tanah dan Galian (PTG), District Officers (DO), and Heads of State technical departments. In Kedah appointments to the PTG's and DO's posts are made from among SCS members by the Kedah PSC. Appointments of Heads of State technical department are made from seconded officers of the Central Technical and Professional services. In Pahang all these appointments are made from seconded officers of the Central Administrative, Professional and Technical Services.

There is some competition for experienced and capable Central officers especially between States with federalised bureaucracies. Pahang also competes for such officers. On one of the rare occasions of public comment on such matters, the Sultan of Pahang, speaking at a dinner for MCS officers serving in Pahang, declared that he had no intention of monopolising for the State the services of all capable Central Government servants. He realised that

"other States and Ministries [also] require Government servants with calibre too, but I hope due consideration will be given to my State which is experiencing rapid development".<sup>90</sup>

Pahang needed officers with calibre and who should be able to identify with and committed to Pahang's interests. The Sultan revealed as much when he stated that

"I do not care whether they are my subjects or not as long as they are loyal to me and my Government".<sup>91</sup>

Kedah stays aloof from this competition. There is no need for such Central officers, except temporarily when there are shortages, since it

89. (Cont.) The Sultan in turn suggested En. Kamarulzaman (a son of Pahang) who was then the Perak SFO (a Superscale E post). Thus the Sultan's choice was very junior for the post of State Secretary of Pahang. The Sultan insisted on his choice and agreed to allow the downgrading, temporarily, of the State Secretary's post from Superscale C to D. This was possible through categorizing that post as 'personal to holder' and thus making it possible for En. Kamarulzaman to be appointed as the State Secretary of Pahang without jumping a scale. Interview with a former Deputy Chief Secretary to the Central Government, 19.8.80 (subsequently referred to as "C"). The fact that he was appointed in June 15, 1978, six months after the post became vacant indicated the extent and nature of the controversy. En. Kamarulzaman was duly awarded the title of 'Datuk'. Information obtained from the Pahang State Secretariat.

90. Malay Mail (MM), 12.1.76.

91. ibid. Certain States, Pahang included, have been gradually attempting to replace Central officers in the States with Central officers who were from their own States. In these States, sometimes, Central officers holding State posts have been 'captured' by the States within which they served. Interview with a senior PSD officer, 20.7.80.

has its own SCS. Furthermore, it is in the interests of SCS officers to ensure that the top administrative posts in the State bureaucracy remain their exclusive preserve.<sup>92</sup> These top posts represent to them the few available promotion opportunities within the SCS. The SCS represents an entrenched group, with vested interests, within the State bureaucracy. Its presence and stand help stiffen the State's resolve against Central penetration of the State bureaucracy, in this case through the appointment of Central administrative officers to State posts.

Several administrative posts in Kedah had originally been designated as posts to be held by MCS officers. Table 5 illustrates this. Indicative of Kedah's dogged insistence on maintaining a degree of 'autonomy', all these posts were left vacant until they were taken over by SCS officers or abolished. The posts of 'Adviser Lands, Kedah' was left vacant from 1960 and abolished in 1962 and a post 'Director of Lands, Kedah' was established and held by an SCS officer. The posts of Assistance S Sec (Emergency) was left vacant from 1960 and was abolished in 1963.<sup>93</sup> The other two Assistant S Secs II and IV posts were left vacant from 1960 and taken over by SCS officers in 1968.<sup>94</sup>

The creation of the post of the State Commissioner of Lands and Mines (SCLM) or Pesuruhjaya Tanah dan Galian later renamed as State Director of Lands and Mines or PTG within the State establishment provided another example of Kedah's adherence to its notion of 'autonomy'. On the basis of the Report of the Commission on Land Administration the National Land Council (NLC) in 1958 recommended the re-organisation of land administration in the Federation and in all the States through the appointment of a Federal Commissioner of Lands (FCL), renamed later as Federal Director of Lands (FDL), and a Commissioner of Lands and Mines in each State.<sup>95</sup> The SCLM's were not, however, made formally responsible to the FCL. The FCL was made, formally, a chief adviser on technical matters regarding land to both the State

92. Interview with "A".

93. With the ending of Emergency in 1960 this post was no longer necessary.

94. These two posts were still designated as 'Central' posts up to 1970 within the Federation's Staff List, 1970. See also Kedah, Estimates of Revenue and Expenditure, 1968, Appendix.

95. Majlis Mesyuarat Tanah Negara (National Land Council Meeting), Kertas 3/1958. See Federation of Malaysia, Resolusi-Resolusi Majlis Tanah Negara, 1958 - 1978, Dicitak di Jabatan Percetakan Negara, Semenanjung Malaysia, Kuala Lumpur. 1980, p. 5, (a) and (b).

Table 5: Administrative Posts within the Kedah Bureaucracy designated as posts to be filled by MCS Officers.

<u>Posts:</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<u>Division I</u>								
Adviser on Lands	1	1						
Assistant State Secretary (Emergency)	1	1	1					
Assistant State Secretary II	1	1	1	1	1	1	1	1
Assistant State Secretary IV	1	1	1	1	1	1	1	1

Source: Federation of Malaya and Malaysia, Staff Lists, 1961-1968 and

Kedah, Estimates of Revenue and Expenditure 1960-1968, Appendices.

Governments and SCLMs.<sup>96</sup> In addition, he was required to arrange meetings of all the SCLM's at least once a year.<sup>97</sup> The SCLM was made formally responsible to the Ruler-in-Council (that is Exco) over land administration within each State. He could be elected by the Ruler or Governor to attend State Exco's meetings and State Legislative Assembly meetings when land matters are to be discussed.<sup>98</sup> The State Exco was empowered to determine the SCLM's responsibilities.<sup>99</sup> Within the State bureaucracy the SCLM's position was below that of the S Sec.<sup>100</sup> However, in terms of formal access to the State Exco and the Ruler or Governor, his position was potentially similar to that of the S Sec, SFO and SLA.

Land is a State subject. It was, therefore, in the States' interest to ensure that the officer appointed as the SCLM should be acceptable to the State and be committed to protect State interests over land. For States with their own SCS, this might be ensured by appointing their SCSs officers to such posts. It was also in the interest of SCSs officers to ensure that such posts became and remained their exclusive preserve since this would increase the number, although marginally, of Division 1 posts within the SCSs. Before the acceptance of the NLC's recommendation and before Malayan independence, an MCS officer serving in each State bureaucracy held the post that had responsibilities over land administration.<sup>101</sup> The NLC's recommendation could thus be seen as an attempt, after independence, to standardize land administration and policy through formally recognising and continuing a system of land administration within which MCS officers played a crucial role before independence.<sup>102</sup> The FCL's task was to work towards proper and reasonable working relations between the Central

96. *ibid.*, p. 5, (a) (111).

97. *ibid.*, p. 5, (a) (iv).

98. *ibid.*, p. 5, (b) (i) and (ii)

99. *ibid.*, p. 5, (b) (iii).

100. The State Secretary was recognised by the NLC as the head of the public service of the State. *ibid.*, p. 5, (b) (iv).

101. See Federation of Malaya, Staff List, 1st Jan. 1957, Kuala Lumpur, Government Press, 1957.

102. Before independence land was in fact controlled by the British colonial administration and as such there was no Central or State land. Hence at independence, when land was included in the State List, there was a need to distinguish between what was Central land in each State and what was State land. With this distinction a necessity was created for a Central department to look after such Central land. Thus the establishment of the post of the Federal Commissioner of Lands. Interview with Datuk Nasaruddin Bahari, currently the Federal Director of Lands, 29.8.80.

and State Governments over land matters through frequent Federal-State Commissioners meetings.<sup>103</sup>

By 1960 all the States had established the posts of SCLM with the exception, inevitably perhaps, of Kedah.<sup>104</sup> Table 6 indicates this. In Kedah, the pre-independence MCS post of 'Adviser, Lands' was still listed as an MCS post but was left vacant until abolished in 1962.<sup>105</sup> Alongside this the post of Director of Lands was established and held by an SCS officer. This post, however, had a lower salary scale and was re-named as SCLM only in 1967.<sup>106</sup> As Table 6 indicates, only Kedah had this post continuously held by an officer of the State's own SCS. This assertion of 'autonomy' highlighted then as it does now the difference between Kedah and the former FMS, Straits Settlements and, interestingly also other UFMS States.<sup>107</sup>

In Pahang's case, as in the other States except Kedah, the PSD usually consults the FCL over whom to appoint, from among PTD officers, as SCLM.<sup>108</sup> Once appointed, these officers are primarily responsible to the respective State Governments. As only an Adviser to the State Governments<sup>109</sup>, the FCL has no power to enforce any of the proposals submitted to the State Governments even through the SCLMs who are PTD officers. Nevertheless, he tends to have a closer relationship with SCLMs who are PTD officers compared with those who are SCSs officers. He tends to have more sway over the former because he is in a position to influence their promotion and mobility.<sup>110</sup> These PTD officers serving as SCLMs, as in Pahang, have to face two potentially opposing

103. ibid. Such meetings were usually held two or three times annually.

104. Federation of Malaya, Staff List, 1st Jan. 1960, Kuala Lumpur, Government Press, 1960.

105. Federation of Malaya, Staff List, 1960-62, Kuala Lumpur, Government Press, 1960-1962; Kedah, Estimates of Revenues and Expenditures, 1960-1962, Appendixes 2.

106. Kedah, Estimates of Revenue and Expenditure, 1967, Appendix 2.

107. According to Datuk Nasaruddin Bahari the State Commissioner of Lands and Mines post is a 'Central' post within the State bureaucracy. In the former FMS and Straits Settlements States this post was held by PTD officers and in the former UFMS States by officers of the respective SCSs on secondment to this 'Central' post. Interview with Datuk Nasaruddin Bahari. One could expect that such a 'Central' post to be listed within the Federation's Establishment List. Interestingly, the post for each State except for that of Kedah was listed in the Federation of Malaya and Malaysia, Staff List, 1960-1975.

108. Interview with Datuk Nasaruddin Bahari.

109. Interview with En. Nik Mohd. Zain, currently Deputy Director of Lands, 29.8.80.

110. This 'sway' had been strengthened lately by the inclusion of the FDL as a member of the Promotions Board of the PSD. Interview with Datuk Nasaruddin Bahari.

Table 6: A Comparison of Salary Scales for the respective State Posts of 'Commissioner of Lands and Mines' or 'Pengarah Tanah dan Galian' (PTG), 1960-1975.

<u>States:</u>	<u>Salary Scales for State PTG Posts, 1960</u>	<u>Subsequent Revision of Salary Scales.</u>
Johore	MCS Superscale F	Upgraded Superscale E 1974
Kedah	MCS Superscale F Kedah SCS Class IA (Director of Lands and Mines)	(Adviser of Lands, Kedah) Post abolished 1962. Upgraded Superscale F
Kelantan	MCS Superscale F	Upgraded Superscale E 1974.
Malacca	MCS Superscale H	Upgraded Superscale G 1972.
Negri Sembilan	MCS Superscale G	Assumed Superscale F 1972 (personal to holder), upgraded Superscale F 1974.
Pahang	MCS Superscale G	Upgraded Superscale F 1963, downgraded Superscale G 1969, regraded Superscale F 1970.
Penang	MCS Superscale H	Upgraded Superscale G 1972.
Perak	MCS Superscale F	Upgraded Superscale E 1974.
Perlis	MCS Timescale	Listed in 1969 as Head Land Development Administration, 1972 renamed Ketua Rancangan Penyelesain Tanah; not listed 1974.
Selangor	MCS Superscale G	Assumed Superscale F 1966 (personal to holder), upgraded Superscale E 1974.
Trengganu	MCS Superscale H	Upgraded Superscale G 1966, upgraded Superscale F 1975.
Federal Territory	-	Post first listed in 1974, MCS Superscale G.

Source: Federation of Malaya and Malaysia, Staff Lists, 1957-1975; Kedah, Estimates of Revenue and Expenditure, 1960-1970.



forces; State and Central interests in land policy and administration - a position not endured by the SCLM in Kedah.

Kedah's success in maintaining a semblance of administrative autonomy, small but significantly greater than the former FMS and Straits Settlements States, has not gone unnoticed. To criticisms that the Kedah State Government was employing only "Kedahans" as civil service officers, the MB, Syed Nahar Shahabudin, responded that such criticisms could affect the State's good name and create dissatisfaction among outstation officers serving or wanting to serve in Kedah.<sup>111</sup> He admitted that the State was actually having a shortage of technocrats that should have been seconded by the Central Government and emphasised that

"We will always welcome the services of MCS officers as long as they help us in speeding up the development projects".<sup>112</sup>

The MB assured Central officers serving in Kedah that their services were indeed required and he hoped to create a better understanding between SCS's and Central officers.<sup>113</sup> Officers of Kedah's SCS resented the presence of PTD and other Central officers within the State bureaucracy. The relationship between the two sets of officers had at best been 'correct'. As with Pahang, the Kedah Government would insist that seconded Central officers should serve the State with loyalty and dedication.<sup>114</sup>

Size and composition: Table 7 compares the respective sizes and composition of the Kedah and Pahang bureaucracies from 1960 to 1975. The size, in absolute numbers, of the Pahang bureaucracy increased at a faster rate than that of the Kedah bureaucracy and, consequently, its size by 1966 had more than equalled that of Kedah and by 1975 had outstripped that of Kedah. The total number of Division 1 and 11 posts in the administrative component in Kedah remained almost constant while that of Pahang increased from 1960 to 1975. While the administrative component was bigger in Kedah than that of Pahang, though the gap was progressively narrowed, the number of Division 1 posts in the administrative component of the former was less than that in the latter and only by 1972 was the number the same for both States.

As indicated in chapter 5, States' control over the size and composition of the State establishments, with minor exceptions, had been

111. New Straits Times (NST), 28.6.79.

112. ibid.

113. ibid.

114. ibid.

Table 7: Kedah and Pahang State Bureaucracies: Size and Composition 1960-1975.

Division:	Kedah 1960		SCS <sup>#</sup>	Total	Kedah 1963		SCS	Total	Kedah 1966		SCS
I	MAS	MCS	12	35	MAS	MCS	12	48	MAS	MCS	12
II	-	-	60	131	-	-	60	150	-	-	60
III	-	-	-	813	-	-	-	1001	-	-	-
IV	-	-	-	973	-	-	-	1010	-	-	-
Total	-	4 <sup>a</sup>	72	1952	-	2 <sup>a</sup>	72	2209	-	2 <sup>a</sup>	72
Division	Pahang 1960			Total	Pahang 1963			Total	Pahang 1966		
I	MAS	MCS		52	MAS	MCS		53	MAS	MCS	
II	-	19		101	-	20		94	-	23	
III	17	-		651	19	-		1145	18	-	
IV	-	-		523	-	-		550	-	-	
Total	17	19		1327	19	20		1842	18	23	
Division	Kedah 1969		SCS	Total	Kedah 1972		SCS	Total <sup>c</sup>	Kedah 1975		SCS
I	MAS	MCS	12	51	PTA	PTD	23	76	PTA	PTD	-
II	-	-	61	162	-	-	50	600	-	-	32
III	-	-	-	1722	-	-	-	596	-	-	43
IV	-	-	-	566	-	-	-	502	-	-	-
V	-	-	-	(Division V did not exist)	-	-	-	267	-	-	-
Total	-	-	73	2501	-	-	73	2041	-	-	75
Division	Pahang 1969			Total <sup>b</sup>	Pahang 1972			Total <sup>c</sup>	Pahang 1975		
I	MAS	MCS		92	PTA	PTD		107	PTA	PTD	
II	-	24		805	-	23		887	-	-	
III	18	-		881	28	-		853	31	-	
IV	-	-		1073	-	-		1043	-	-	
V	-	-		(Division V did not exist)	-	-		488	-	-	
Total	18	24		3284	28	23		3378	31	32	

Source: Pahang, Estimates of Revenue and Expenditure, 1957-1975.  
 Kedah, Estimates of Revenue and Expenditure, 1957-1975.

Note: SCS<sup>#</sup> is Kedah SCS.

(a) vacant;

(b) excludes religious teachers;

(c) includes religious teachers.

severely curtailed. State Governments can, therefore, increase the sizes of their establishments only in the lower salary levels of the State bureaucracies and not in the key administrative and higher salary levels. The exceptions apart, inter-Governmental consultation, usually involving negotiation and bargaining, is necessary before the size and grading of posts within the State establishment could be increased and improved respectively.<sup>115</sup>

Entry qualifications: the administrative services; The entry requirements for the Kedah SCS are different from that for the PTD and PTA. Before Independence those eligible to apply for entry into the Kedah SCS were, in order of preference<sup>116</sup>,

- 1) Malays born to Kedah parents,
- 2) Malays born outside Kedah,
- 3) Non-Malays born in Kedah, and
- 4) Others.

Although this preferential structure has since changed, the Kedah SCS is still very much a Kedah 'Malay' preserve.<sup>117</sup> In Pahang, only Malay officers of the PTD and PTA were normally seconded.<sup>118</sup> Thus, the Malay administrative element in the Pahang bureaucracy was and still is also exclusively Malay but also included non-Pahang Malays.

The qualifications of Kedah SCS officers in 1980 ranged from the Honours degrees to the Senior Cambridge (G.C.E. 'O' level). Table 8 illustrates this. From 1976, all those accepted into the Kedah SCS had University degrees. Out of 27 accepted between 1976 and 1980 24 had Honours degrees and 3 had General degrees. This change in the entry qualifications of those entering the Kedah SCS is illustrated by Table 9.<sup>119</sup>

The entry qualifications for the PTD and PTA, officers of which make up the administrative element of Pahang's bureaucracy, were generally much higher than those for the Kedah SCS, at least before 1976. With the exception of those entering the PTD via promotion from the PTA or by application from the SCSs, PTD officers are increasingly recruited

115. As will be seen later, the Central Government wielded this power in its relations with the Kedah Government and bureaucracy.

116. Interview with Datuk Mohd. Sheriff.

117. *ibid.* There have, however, been a sprinkling of non-Malays.

118. Interviews with Datuk Wan Sidek, former State Secretary of Pahang, 20.8.80., and Dr. Elyas Omar.

119. A new Service Scheme was introduced for the Kedah SCS on the 1st Jan. 1976. This scheme, called the General Degree Scheme with a higher salary scale, was obviously designed to attract candidates with University degrees.

Table 8: Qualifications of Officers of the Kedah SCS.

<u>Scale</u>	<u>Qualification of Officers</u>			<u>Number of Posts</u>
	<u>B.A. (Hons.)</u>	<u>B.A.</u> (GCE 'A')	<u>S.C.</u> (GCE 'O')	
Superscale C	1	-	-	1
Superscale E	-	-	1	1
Superscale F	-	1	1	2
Superscale G	-	3	3	6
Class 1B	4	3	5	17
Timescale I	3	2	1	8
Timescale II	36	8	13	61 <sup>#</sup>
<u>Total</u>	<u>44</u>	<u>17</u>	<u>24</u>	<u>96</u>

Source: Kedah, State Administrative Staff List, March 1, 1980.

Note: <sup>#</sup> 4 posts vacant.

Table 9: Qualifications of Kedah SCS Officers and the Year of Entry into the Service.

<u>Qualifications &amp; Year of Entry</u>		1951	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80
<u>Degrees:</u>																															
Honours	1									1 <sup>b</sup>			1 <sup>c</sup>	1 <sup>d</sup>						2	4		4		2	7	4	8	5	1	6
General										1		2	1	1 <sup>e</sup>		1		2	1			1	2	1	2						3
<u>H.S.C. (GCE 'A')</u>																4			1	2											
S.C. (GCE 'O')	1	1	1 <sup>a</sup>	1	1	1	1	1	1	1		3	1					3	5						8						

Source: Kedah, State Administrative Officers List, March 1, 1980;  
Federation Staff List, 1959-1971.

Note:  
 (a) Kedah SCS entered MCS 1959  
 (b) Kedah SCS entered MCS 1962  
 (c) Kedah SCS entered MCS 1962  
 (d) Kedah SCS entered MCS 1964  
 (e) Non-Malay Kedah SCS Officer entered MCS 1968.

directly from among University graduates with Honours degrees. After Independence applicants to the MAS were required to have at least the General University degrees. In mid-1970s, with the re-structuring of MAS into the PTA, the number of successful applicants with Honours degrees entering the PTA had been increasing.

Posts and Salary Scales: Similar posts exist within the administrative component of both Kedah's and Pahang's administration. In Kedah the posts of S Sec, SFO, SLA State PTG, DOs and State Director of Planning (SDP) have always been held by Kedah SCS officers but in Pahang these posts have always been held by MCS/PTD officers. Tilman held that

"The posts usually filled by the State civil services in the former Unfederated Malay States generally devolve upon personnel of the Malay Administrative Service in the States of the former FMS".<sup>120</sup>

However, officers of the Kedah SCS also held most, if not all, of the senior administrative posts in Kedah while MAS/PTA officers held only the junior administrative posts in Pahang.

The Kedah SCS is a Service that straddles both Divisions 1 and 11 but the PTD and PTA are Divisions 1 and 11 Services respectively. There is a similarity in types of posts being held by the Kedah SCS officers and PTA officers. However, Kedah SCS officers also held posts similar to that filled by PTD officers in Pahang. Tilman's statement must be re-stated to indicate that generally only the Division 11 posts that are held by the Kedah SCS officers are also held by the MAS/PTA officers serving in Pahang.

Despite the similarity in the types of administrative posts in Kedah and Pahang, there is generally no similarity in the Divisional grades and salary scales for the same type of posts. Tables 10 and 11 indicate this.

Table 12 compares the salary scales of the Kedah SCS and those for the MCS and MAS which also apply to Pahang. The superscale posts, according to classification, had the same nominal value in both Kedah and Pahang. In Kedah, below the Superscale posts, other Division 1 posts were classified as Class 1A or Class 1B posts. In Class 1A salaries ranged from M\$1,057 - M\$1,141 per month in 1960 and changed in 1967 to the flat rate M\$1,254 per month. In Class 1B salaries ranged from M\$836 - M\$1,032 per month in 1960 and changed in 1967 to a range of M\$1,094- M\$1,196 per month. These salary scales remained unchanged up to

120. Tilman, op.cit., p. 82, n.1.

Table 10: Gratings and Salary Scales of Key Posts held by Kedah State Civil Servants (Kedah SCS) within the State Administration of Kedah 1960-1980.

<u>Posts:</u>	<u>Salary Scales (1960).</u>	<u>Subsequent Revision of Salary Scales.</u>
<u>Division I</u>		
State Secretary	Superscale D	Upgraded Superscale C 1980.
Adviser of Lands	Superscale F	(Post abolished 1962)
State Financial Officer	Class IA	Upgraded Superscale H 1967 and to Superscale G 1980.
Director of Lands and Mines	Class IA	Upgraded Superscale F 1971.
Assistant State Secretary	Class IA	Upgraded Superscale G 1980.
2 District Officers	Class IA	One post upgraded Superscale F and the other Superscale G 1980.
State Director of Planning		New post created 1980 Superscale G.
2 District Officers	Class IB	Both upgraded Superscale G 1980.
<u>Division II</u>		
6 District Officers	Timescale	One post upgraded Division I Superscale G 1980; One post upgraded Division I Class IB 1964; Remaining posts upgraded Division I Class IB 1980. One new post created Division I Class IB 1980.

Source: Kedah, Estimates of Revenue and Expenditure, 1960-1978.  
Kedah, Staff List, 1980.

Table 11: Gradings and Salary Scales of Key Posts held by MCS Officers within the State Administration of Pahang, 1960-1973.

<u>Salary Scales (1960).</u>		<u>Subsequent Revision of Salary Scales.</u>
<u>Division I</u>		
State Secretary	Superscale F	Upgraded to Superscale D 1963.
State Financial Officer	Superscale H	Upgraded to Superscale G 1970 and to Superscale F 1973.
Director of Lands and Mines	Superscale G	Upgraded to Superscale F 1963, downgraded to Superscale G 1969, regraded Superscale F 1970.
District Officers:		
Temerloh	Superscale H	Upgraded Superscale G 1970, upgraded Superscale F 1973.
Kuala Lipis	Superscale H	Upgraded Superscale G 1972.
Kuantan	Superscale H	Upgraded Superscale G 1973.
Bentong	Superscale H	Upgraded Superscale G 1973.
Cameron Heights	Superscale H	
Pekan	Superscale H	Upgraded Superscale G 1972.
Ruab	Superscale H	
Jerantut	Superscale H	
4 Assistant State Secretaries Posts	Timescale	One post upgraded to Head Assistant State Secretary, Superscale G 1973.
5 Assistant District Officers	Timescale	A further Assistant District Officer's post established in Division I 1972.
<u>Source: Federation of Malaya and Malaysia, Staff Lists, 1960-1973.</u>		



Table 12: Revision of Salary Scales (Dollars per month) within the MCS (which apply to Pahang) in comparison with those of the Kedah SCS, 1960, 1966, 1967 and 1971.

<u>Salary Scales:</u>		<u>1960</u>		<u>1966</u>		<u>1967</u>		<u>1971</u>	
<u>Division I</u>	<u>MCS</u> \$	<u>Kedah SCS</u> \$	<u>MCS</u> \$	<u>Kedah SCS</u> \$	<u>MCS</u> \$	<u>Kedah SCS</u> \$	<u>MCS</u> \$	<u>Kedah SCS</u> \$	
Staff Appoint. A	2270	-	2270	-	2270	-	2270	-	
Staff Appoint. B	-	-	-	-	-	-	2100*	-	
Superscale A	1970	-	1970	-	1970	-	1970	-	
Superscale B	1850	-	1850	-	1850	-	1850	-	
Superscale C	1760	-	1760	-	1760	-	1760	-	
Superscale D	1670	-	1670	1670*	1670	1670	1670	1670	
Superscale E	1580	-	1580	-	1580	-	1580	-	
Superscale G	1430	-	1430	-	1430	-	1430	-	
Superscale H	1360	-	1360	-	1360	1360	1360	1360	
Timescale	592-1254		592-1254		592-1254				
Class IA		1057-1141		1057-1141			1254**	1254	
Class IB		836-1032		836-1032			1094-1196	1094-1196	

<u>Division II</u>	<u>MAS</u>	<u>MAS</u>	<u>MAS</u>
Timescale and Cadets	415-813	430-1014*	310-1014***
Timescale		280-813	310-1014**

Source: Federation of Malaya and Malaysia, Staff Lists, 1960-1971. Note: \* First Revision.  
 \*\* Second Revision.  
 \*\*\* Third Revision.

Kedah, Estimates of Revenue and Expenditure, 1960-1971.

1971. By 1980, all Class 1A posts had been upgraded to Superscale G or above and Class 1B salary scales ranged from M\$1,805 - M\$2,205 (as Table 10 indicates). In Pahang, apart from superscale posts, the Timescale for the MCS ranged from M\$592 - M\$1,254 per month in 1960 and remained unchanged up to 1971.<sup>121</sup> Compared to Kedah's SCS Class 1A and Class 1B, the MCS's Timescale, although with a lower entry point, had the higher ceiling of M\$1,254 per month, and only in 1967 did Class 1A attained a similar value. Significantly, in Division 1 only Kedah's SCS Class 1A and 1B salary scales have been improved respectively bringing them nearer to the top of the MCS Timescale respectively. However, the salary scales for the Kedah SCS and MCS in Division 1 remained different in 1971.

The Division 11 Timescale posts in Kedah had salary scales ranging from M\$280 - M\$813 per month in 1960. In 1967 this scale was changed to M\$310 - M\$1,014 per month and remained unchanged up to 1971. For the same period, the Division 11 MAS salary scales, including for Cadets and Timescale posts, ranged from M\$415 - M\$813 per month in 1960. In 1966 this was changed to M\$430 - M\$1,014 per month and in 1969<sup>122</sup> it was further changed to M\$310 - M\$1,014 per month. Thus, the salary scales of Divisions 11 posts in the Kedah SCS and Pahang MAS were uniformalised. This was achieved by upgrading the floor and ceiling values of the salary scales of the Division 11 SCS posts in 1967 and lowering the floor value of the salary scales of the Division 11 MAS posts in 1969. In 1971 the salary scales for both MAS and SCS's Division 11 posts were essentially the same.

In Kedah, as Table 10 indicates, the posts of S Sec, SFO, PTG, Assistant S Sec (1) and four DOs posts were Division 1 posts but the other six DOs posts were Division 11 posts in 1960. In Pahang, however, for the same year, these and four Assistant DOs posts were Division 1 posts as Table 11 indicates. In 1960 in Kedah only the S Sec's post was a Superscale post (D) while in Pahang the posts of S Sec, SFO, PTG and eight DOs posts were Superscale posts.

Perhaps the most striking difference was in the Divisional grades between the posts of Kedah and Pahang DOs and Assistant DOs. As Table 10 indicates the DOs posts in Kedah were gradually upgraded and

121. In 1972 the MCS Timescale was changed. See Federation of Malaysia, Staff List, 1972.

122. In 1969 the MAS was divided into two schemes: Scheme A (M\$430-M\$1,014 per month) and Scheme B (M\$310-M\$1,014 per month).

by 1980<sup>123</sup> all the DOs posts were graded as Division 1 posts. A respondent<sup>124</sup> explained that the disparity in the grading of the DOs posts in Kedah (and also those of the former FMS States) and those in Pahang (and also those of the former UFMS States) was due principally to the fact that before Independence the DOs posts in Pahang were held by British MCS officers while all the DOs posts in Kedah were held by Malay Kedah SCS officers. Then the Divisional grades and salaries of MCS officers were generally higher than for those of Kedah SCS officers. Therefore, DOs posts held by the MCS officers in Pahang had higher grades and salaries than similar posts held by the Kedah SCS officers.

Upgrading of Posts and Promotion: Upgrading of posts within the State bureaucracy necessarily involve joint Centre-State consultation since, as indicated in Chapter 5, upgrading would increase the financial liability of the Central Government. The Central Government, therefore, had an interest in and the power to block the upgrading of posts. Several respondents<sup>125</sup> held that the Central Government had frequently used and, in their opinion, abused such power. Kedah SCS officers resented the manner in which the Central Government used this power. They viewed this as the attempt, first, to limit their career prospects and, second, to undermine whatever administrative autonomy that Kedah still then enjoyed. Upgrading of posts within the Kedah bureaucracy was crucial because it affected the SCS's officers career prospects which were already limited by the availability of only a few Division 1 posts with Superscale gradings.

On several occasions the Central Government had used this power.<sup>126</sup> The controversy over the upgrading of the PTG's post in Kedah provides an illustration. In 1960 (see Table 6) the PTGs' posts in all the States, except that in Kedah and Perlis, were Superscale posts. The Kedah PTG's post was a Class 1A post, a grade with salary scales similar to the top ranks of the MCS Timescale, and this remained

123. Kedah, Staff List, 1980. According to Datuk Mohd. Sheriff the upgrading of DOs posts in Kedah was undertaken by the 1976 Cabinet Committee Salary revision. Interview with Datuk Mohd. Sheriff.

124. ibid.

125. Interviews with officers of Kedah's SCS.

126. Discussion based on interviews with officers of Kedah's SCS. A former Kedah State Secretary held that Kedah was made to suffer the 'opportunity cost' of rejecting the Central Government integration proposal and made life difficult for officers of the SCS. It attempted to 'squeeze' the SCS's officers especially regarding the upgrading of posts within the Kedah SCS. Interview with "A".

unchanged up to 1971 and only by 1980 was it listed as a Superscale F posts.<sup>127</sup> Interestingly, in 1960, Kedah already had an 'Adviser Lands, Kedah' post with Superscale F grading but it was designated as an MCS post. This post was 'allowed' to lapse in 1962 and with it went the Superscale F grade. Kedah failed to acquire and transfer this grade to the then Director of Lands which subsequently became the PTG post.

The Central Government pursued a clear "carrot and stick" ploy in the controversy over upgrading of posts within Kedah. Its bargain was that it would be willing to upgrade posts within the Kedah bureaucracy if the State was in turn willing to accept more Central officers. If Kedah were to accept this general principle then Central money, necessary for any upgrading of posts, would be made available. Regarding the Kedah PTG's post, the Central Government proposed that this post should be upgraded to Superscale G, as in the other States, only if Kedah accepted this condition; that the Kedah SCS officer should hold the upgraded PTG's post on a 'personal to holder' basis and on his retirement the post should be filled by an MCS officer. This represented short-term gain for the Kedah SCS but in the long-term it would lose this post to the MCS, thus reducing the number of top posts and damaging what they viewed as State 'autonomy'. A committee of the Kedah SCS Union viewed this as the process of attrition and rejected the proposal. The Kedah SCS Union succeeded in persuading the State Government to create a 'special allowance' for the PTG's post so as to cover, somewhat, the difference between that post's salary compared to that offered by the Central Government.<sup>128</sup> Thus, the Central Government failed in what was viewed as its attempt to undermine State 'autonomy'.

The Central Government's attempts to selectively upgrade other posts within Kedah provide further illustrations. The Kedah State Government had continuously requested upgrading of the DOs posts.<sup>129</sup> These requests were reasonable since only four DOs posts, before 1980, were Division 1 posts while all of Pahang's DOs and several Assistant DOs posts were Division 1 posts. Additionally, if DOs posts were upgraded

127. Kedah, Staff List, 1980.

128. This 'special allowance' had to be paid for from State funds by the State Government. By giving this allowance, however, the basic salary of the Kedah PTG was not increased and since there was no upgrading the Central Government could not use Article 112 to block this allowance. Its effect, however, was to provide the PTG with more money. However, the other former UFMS States accepted Central officers to fill the PTG's post in their respective States. Interview with "A".

129. Interview with En. Zainul Rashid b. Hj. Ahmad.

then Kedah would also be in a position to request the upgrading of Assistant DOs posts and perhaps even for the creation of more Assistant DOs posts as the result of this upward movement. The Central Government proposed that the DOs posts in Kedah should be upgraded but in return the Assistant DOs posts should be filled by either the MCS or MAS officers. If Kedah had accepted this the SCS would have lost such posts to Central officers thus affecting the career prospects of junior officers of the SCS and moreover the Kedah Government would have to pay the salaries of these Central officers from the already limited State funds.<sup>130</sup> Since the Kedah Government rejected this proposal the Central Government implemented a selective policy of upgrading DOs posts gradually and not upgrading Assistant DOs posts.

Other significant differences between the Kedah and Pahang bureaucracies are in the scope and pace of promotion available to either the administrative officers of Kedah or Pahang. The highest post available to the Kedah SCS officers is the S Sec's post, a Superscale C post in 1980. As Table 8 shows, in 1980 out of ninety-two posts in the Kedah SCS ten were Superscale posts; one each was Superscale C and E, two were Superscale F, and six were Superscale G. The promotion and career prospects for the administrative officers of Pahang, as PTD and PTA officers, are much wider. The respective Central Services that they belong to were and still are much larger in size than that of the Kedah SCS. Their promotion and career prospects, unlike that of officers of the Kedah SCS, are not confined to the State bureaucracy. They can be transferred to other State bureaucracies or to Central Ministries and Department. The top post within the PTD is the Chief Secretary to the Government or Ketua Setiusaha Negara which is a Staff Appointment and below this are the Superscale A to G posts. PTA officers can apply to enter the PTD.

Table 13 compares the total numbers of Superscale posts out of the total numbers of posts within the MCS/PTD<sup>131</sup> and the Kedah SCS. Between 1960 and 1971 the ratio of Superscale posts to total posts remained almost constant, at about 1:2.5, for the MCS while that for the Kedah SCS had improved from 1:72 to 1:37. In 1975 the ratio had worsened marginally for the PTD to 1:3.6 and in 1980 the ratio for the Kedah SCS had improved dramatically to 1:9.6. Nevertheless, on the

130. Since these posts were within the State establishment, the operating expenditure was met from State funds.

131. Since the top administrative officers of Pahang were MCS, and subsequently PTD, officers their career prospects were and still are contained within this service organization.

Table 13: Total number of Superscale Posts compared to the total number of Posts within the Kedah SCS and the MCS (PTD).

Salary Scale:	1960		1963		1966		1969		1971		1975		1980	
	MCS	KSCS	MCS	KSCS	MCS	KSCS	MCS	KSCS	MCS	KSCS	MCS	KSCS	MCS	KSCS
Staff Appointment	3	-	2	-	2	-	2	-	3	-	5	na	na	-
Superscale A	3	-	3	-	2	-	4	-	6	-	7	-	-	-
Superscale B	1	-	2	-	7	-	8	-	12	-	9	-	-	-
Superscale C	4	-	8	-	8	-	7	-	18	-	31	-	1	1
Superscale D	20	1	19	1	28	1	37	1	39	1	32	-	-	-
Superscale E	-	-	4	-	-	-	1	-	3	-	39	-	1	1
Superscale F	36	-	38	-	50	-	61	-	80	-	117	-	2	2
Superscale G	12	-	9	-	8	-	8	-	10	-	161	-	6	6
Superscale H	36	-	49	-	79	-	115	1	156	1	-	-	-	-
Total Superscale	115	1	134	1	184	1	243	2	327	2	401	-	10	10
Total Posts	301	72	341	72	486	74	599	74	793	74	1437	-	96	96
Ratio	<u>1:2.6</u>		<u>1:2.5</u>		<u>1:2.6</u>		<u>1:2.5</u>		<u>1:2.4</u>		<u>1:3.6</u>		<u>1:9.6</u>	

Source: Federation of Malaya and Malaysia, Staff List, 1960-1975; Note: 1975 MCS figures include  
Kedah, Estimate of Revenue and Expenditure, Appendices, and only Home Service (PTD).  
Kedah, State Administrative Staff List, March 1, 1980. (na) figures not available.

whole, based on these ratios, one could expect that the pace of promotion for MCS/PTD officers would have been much faster because of the increased promotion opportunities compared to that for Kedah SCS officers.

Tables 14 and 15 respectively indicate the number of years taken by the MCS and Kedah SCS officers from first entry into the respective Services to occupy Superscale posts. Since most of the Superscale MCS officers in 1971 started service either in the MAS or the SCSs their length of Government service would be longer than indicated in Table 14. These former MAS and SCSs officers had opted to join the MCS and benefited because of the larger number of Superscale posts. If the former SCSs officers had remained in their respective SCSs their career prospects would have been limited. The Kedah SCS was and still is too small to provide rapid promotion and that breadth of career prospects available within the PTD and PTA.

Changes in development administration introduced by the Central Government: Impact on and responses of Kedah and Pahang.

The Central Government's role in national development had been strengthened by the States' poor finances and the fragmentation of powers in their areas of responsibility. Its national development efforts, as indicated in Chapter 6, require the harnessing of both Central and State bureaucracies. At the administrative level Kedah has a State officer system while Pahang has a Central officer system. The federal structure provided the former with legal protection. This limits the Central Government's legal access to it. However, the latter is not similarly protected and since it is part of the compliance structure of the Central bureaucracy the Central Government has direct legal access to it.

In development matters the Central Government, because of the federal structure, had to obtain access to State bureaucracies especially to those with State officer systems as in Kedah. For only thus could it ensure that officers of such bureaucracies would comply with Central directives, especially in land matters. Land has always been vital to the Central Government development plans. However, land and land administration are States' responsibilities.<sup>132</sup> The creation

<sup>132</sup>. In each State land administration is headed by the State Director of Lands and Mines or the Pengarah Tanah dan Galian (PTG). At the District level the DOs are responsible for land administration and in this they are responsible to the State PTG. In Kedah the PTG and DOs belong to the State Officer System. In the former UFMS

Table 14: Mobility of Officers of the MCS: Number of Years from initial entry into the MCS taken by 1971 Superscale MCS Officers to occupy such posts.

Posts:	No. of Officers	Years taken to occupy such posts																								
		5	$\frac{1}{2}$	6	$\frac{1}{2}$	7	$\frac{1}{2}$	8	$\frac{1}{2}$	9	$\frac{1}{2}$	10	$\frac{1}{2}$	11	$\frac{1}{2}$	12	$\frac{1}{2}$	13	$\frac{1}{2}$	14	$\frac{1}{2}$	15	$\frac{1}{2}$	16	$\frac{1}{2}$	17
Staff Appointment	3																		1 <sup>a</sup>	1 <sup>a</sup>					1 <sup>a</sup>	
Superscale A	4																		1 <sup>a</sup>	1 <sup>a</sup>	1 <sup>a</sup>				1 <sup>a</sup>	
Superscale B	11														1 <sup>b</sup>			1	1 <sup>a</sup>	3 <sup>c</sup>	2 <sup>a</sup>	1 <sup>a</sup>	1 <sup>a</sup>	1 <sup>a</sup>	1 <sup>a</sup>	
Superscale C	12																1 <sup>b</sup>	3 <sup>d</sup>	3 <sup>d</sup>	1 <sup>a</sup>	1 <sup>b</sup>	1 <sup>a</sup>		1 <sup>a</sup>	1 <sup>a</sup>	
Superscale D	36									1	2 <sup>a</sup>	1 <sup>a</sup>	6 <sup>d</sup>	7 <sup>bc</sup>	9 <sup>bg</sup>	1	4 <sup>ad</sup>	1 <sup>a</sup>		2 <sup>ab</sup>		1			1 <sup>b</sup>	
Superscale E	1							1 <sup>b</sup>																		
Superscale F	59							1 <sup>b</sup>	4 <sup>b</sup>	3 <sup>ab</sup>	10 <sup>ad</sup>	19 <sup>ij</sup>	14 <sup>id</sup>	3 <sup>a</sup>	1	1 <sup>a</sup>				1 <sup>a</sup>						
Superscale G	12									1 <sup>a</sup>	5 <sup>c</sup>	4 <sup>e</sup>	1	1 <sup>a</sup>												
Superscale H	128	1 <sup>a</sup>	12 <sup>m</sup>	54	17	30	6 <sup>k</sup>	qf	3 <sup>ab</sup>	1 <sup>a</sup>	2 <sup>b</sup>							1 <sup>a</sup>								

Source: Federation of Malaysia, Staff List, 1971.

Note: (a) 1 Ex-PPM (MAS) (f) 8 Ex-SCS (k) 6 Ex-PPM  
(b) 1 Ex-SCS (g) 4 Ex-PPM (m) 7 Ex-PPM  
(c) 2 Ex-PPM (h) 4 Ex-SCS (o) 16 Ex-PPM  
(d) 2 Ex-SCS (i) 5 Ex-PPM (p) 16 Ex-SCS  
(e) 3 Ex-PPM (j) 5 Ex-SCS (q) 13 Ex-PPM



Table 15: Mobility of Officers of the Kedah SCS: Number of Years from initial entry into the Service taken by 1980 Superscale Kedah SCS Officers to occupy such posts.

<u>Posts:</u>	<u>No. of Officers</u>	<u>Number of Years taken to occupy such posts</u>													
		12	13	14	15	16	17	18	19	20	21	22	23	24	25
Superscale C	1														1*
Superscale E	1														1***
Superscale F	2						1**					1***a			
Superscale G	6	1***b			2**1**	1***c			1***						

Source: Kedah, State Administrative Staff List, March 1, 1980.

Note:	Qualifications.	Years of Service prior to entry.		
		(a)	(b)	(c)
*	Honours Degree	8½ years		
**	General Degree	6½ years		
***	Senior Cambridge	11½ years		

of the post of SDO and the establishment of State and District level Development Committees as co-ordinating and monitoring mechanisms in each State were examples of Central Government attempts to gain access to State bureaucracies and bring State Government officers within its direct control.

The SDO's post in each State is a Central post and paid for by the Central government.<sup>133</sup> According to Esman<sup>134</sup> the SDO's post was established in 1959 under the directive of Tun Abdul Razak who was then the Deputy PM and Minister of Rural Development. The State Governments' opposition to the SDO's establishment, if any, was muted. Several reasons could be advanced. First, the SDO's establishment was made on the initiative and directive of Tun Razak who, apart from being the Deputy PM and Minister of Rural Development, was the Deputy President of UMNO, the dominant partner within the Alliance Government at both Central and State levels. Since the Alliance then controlled all the State Governments, except that of Kelantan and Trengganu, the Deputy PM's directive could not be easily ignored. In the Alliance-controlled

132. (Cont.) States the DOs belong to the respective State Officer system with seconded Central officers holding the respective State PTG's post. in all the other States, as in Pahang, these posts are held by officers of the States' respective Central Officer System. The Centre's land development projects require the co-operation of State Governments and State officers involved in land administration.
133. This post was originally that of the Rural Industrial Development Authority's (RIDA) State Rural Development Officer. It was simply substituted by the post of SDO when it was created by the newly formed Ministry of Rural Development. This Ministry also assumed the co-ordinating function for which RIDA had previously been responsible for. See Ness, G.D., Bureaucracy and Rural Development in Malaysia: A Study of Complex Organization in Stimulating Economic Development in New States, Berkeley and Los Angeles, Uni. of California Press, 1967, p. 145, n. 5.
134. Esman, M.J., Administration and Development in Malaysia: Institution Building in a Plural Society, Ithaca, N.J., Cornell Uni. Press, 1972, p. 101. According to a respondent, however, the SDO's post was established in early 1960. Interview with a senior Implementation, Co-ordination Unit officer, 24.7.80. (subsequently referred to as "D"). The SDO was initially attached to the Ministry of Rural Development, then to the Ministry of National and Land Development, in 1972 to the Implementation, Co-ordination, Development Administration Unit (ICDAU) and now to the Implementation Co-ordination Unit (ICU). Each State has to approve the SDO's appointment and usually the State would insist that Central officers appointed as SDO should be from the State where they are to be posted as the SDO. This was meant to ensure the SDO's commitment to the State within which they serve. Nevertheless, these officers are still viewed with suspicion and considered as 'Central' men. Interview with a senior PSD officer, 18.8.80 (subsequently referred to as "E").

States, party political links were partly instrumental in persuading the State Governments to accept the Central Government's directive. However, inspite of the absence of similar links, the Kelantan and Trengganu Governments were not especially adverse to this Central directive.<sup>135</sup> Second, the post was to be located in each State but not within the State Secretariats or placed within the State Establishment, and it was to be paid for by the Central Government. Hence its establishment would not incur additional expenditure to the States. Opposition could have been more vociferous if State Governments, especially of States with their own SCS's, were 'required' to establish the SDO's post within the respective State Secretariats and Establishments and pay for it from State funds, while the Central Government retained the right to appoint MCS officers to such posts. If this had been the case State Governments would have incurred additional expenditure and at the same time officers of the respective SCSs would have been denied the opportunity of holding such posts. It is conceivable that had the post been placed within the State Secretariat and Establishment SCSs' officers would have campaigned for this post to be held by one of them. According to several respondents<sup>136</sup> it was bad enough to have a Central post and officer in their midst but it would be unbearable if this post and officer were anchored within the State Establishment. They could at least tolerate the former but would oppose the latter. Third, the States accepted the SDO's establishment because they knew that Central money would be offered through his office for development purposes within the State.<sup>137</sup> This was a substantial inducement since States lack adequate finances for development purposes. Finally, according to several respondents<sup>138</sup>, under the Agreement of 1957<sup>139</sup> the Central Government was not barred from establishing Central posts paid for from Cental funds within each State.

The establishment of the SDOs, State and District level Development Committees, were also part of the Central Government's reorganisation of development administration at the State level. In

135. Interviews with Tan Sri Dato Abdullah Ayub, the Chief Secretary to the Government or Ketua Setiusaha Negara (KSN), 8.8.80, Datuk Rozhan Kuntum and Dr. Elyas Omar.

136. Interviews with officers of Kedah SCS.

137. Interview with Dr. Abdullah Sanusi, Director-General of MAMPU, 25.7.80.

138. Interviews with Datuk Shaari, Tan Sri Dato Abdullah Ayub, Datuk Rozhan Kuntum, and others.

139. Agreement for the Constitution of a Federation Establishment, 1957, in Tilman, R.O., Bureaucratic Transition in Malaya, Appendices A and B.

this reorganisation the State Secretariats, considered inadequate for co-ordinating the development effort because of their lack of interest in the developmental departments, were by-passed.<sup>140</sup> This reorganisation was also a response to the need for decentralizing the management of development.<sup>141</sup> A respondent<sup>142</sup> held that Tun Abdul Razak initiated this reorganisation in order to improve the implementing capacity of the State bureaucracies which were both slow and cumbersome.

Through the SDOs, State Rural Development Committees (SRDC) and District Rural Development Committees (DRDC), the Ministry of Rural Development would get

"direct access to the local units despite the nation's federal structure, which gave the States responsibility for the District Officers and for land matters".<sup>143</sup>

In general, through the SDOs, SRDC and DRDC, Tun Razak attempted also to

"bypass the archaic machinery of state government and put his men in a position to ride herd on the functional departments, federal and state, which are responsible for implementing projects at the state and district levels".<sup>144</sup>

To the Central Government the SDO in each State was to be instrumental in speeding up

"the implementation of projects through monitoring the progress with project implementation at state district levels, and by providing a 'trouble-shooting' capacity to identify bottlenecks to progress and to find ways and means for removing or getting around the impediments; and hold a watching brief over the activities of the state governments".<sup>145</sup>

This watching brief was aimed especially at the former UFMS States that have their own SCSs.<sup>146</sup> As such the SDO, being independent of the State Government, was to function as a kind of management audit.<sup>147</sup>

140. Esman, *op.cit.*, p. 101.

141. Bruce, Colin, "Strengthening the States' Planning and Implementation System." State Rural Development Project, Economic Plannit Unit, Prime Minister's Department, 15.1.79, p. 3.

142. Interview with "B" who was one of the first MCS officers to be appointed as the SDO. Tun Razak was personally committed to this re-organisation and he emphasised the role of the SDOs and their offices within it. Thus the SDOs were always attached to the Ministry over which he had control over and when he became PM in 1971 the SDOs were transferred from the Ministry of National and Rural Development to the PM's Department. Within the PM's Department the SDOs came initially under ICDAU and finally in 1975 under the ICU.

143. Ness, *op.cit.*, p. 144.

144. Esman, *op.cit.*, p. 137.

145. Bruce, Colin, *op.cit.*, p. 4.

146. *ibid.*, p. 16.

147. *ibid.*, p. 25.

Resistance to this reorganisation which interfered with the State and District Officers working conditions and schedules came especially from SCSs officers of the former UFMS States. Kedah SCS officers viewed this reorganisation as an attempt by the Central Government to undermine the State's administrative autonomy and their own positions within the State bureaucracy.<sup>148</sup> The fact that the SDO was and remains a Central officer directly accountable to the Central Minister convinced them that its establishment had the clear aim of ensuring their compliance with Central directives on development matter.<sup>149</sup> They resented the establishment of this Central outpost within the State as an intrusion. In addition Central Government development plans, in the context of this reorganisation, would make more vigorous demands on their time and energy as State and District officers: demands that came essentially from the Central Government rather than from the State Government. They faced these new demands with apprehension. Referring to SCSs' officers in general, Ness argued that many of them

"simply preferred the relaxed office routine of the past [which] left considerable time for leisure. They would continue their old office hours even in the face of tight deadlines set by the Federal Ministry. Others felt that the Federal directives were not to be taken seriously unless backed by acceptance and urgent demands for compliance by the State Government".<sup>150</sup>

In the former UFMS States, resistance from the SCSs' officers delayed the establishment of DRDCs and the actual implementation of development schemes. In contrast, there was no resistance from Central officers serving as DOs and State officers in the former FMS States. Pahang responded quickly to the Central directive of January 1960. The first meeting of the Pahang SRDC was held in March 1960 with all of its DRDCs following in quick succession.<sup>151</sup> However, the Kedah SRDC had its first meeting at the end of May 1961 but it was by June and July 1961 before most of its DRDCs were functioning.<sup>152</sup> The different speeds with which Pahang and Kedah responded to the Central directive reflected the variation in access that the Central Government had to the mechanisms of control of the Central and State officer systems of Pahang and Kedah respectively.

148. Interviews with Kedah SCS officers.

149. That many SCS's officers held this view was generally held to be the case by Central officers. Interview with SDO, 9.9.80 (subsequently referred to as "F").

150. Ness, G.D., "The Malayan Bureaucracy and its occupational Communities; A comment on James de Vere Allen's 'Malayan Civil Service, 1874-1941'," in Comparative Studies in Society and History, Vol. 12, No. 2, 1970, p. 183.

151. Ness, G.D., Bureaucracy and Rural Development in Malaysia, p. 162.

152. ibid.

The federal structure provided legal protection to officers of the State officer system and thus the material rewards available to these officers were not directly accessible to and controlled by the Central Government. This was reinforced by a high degree of social insulation which resulted from the fact that officers of the State officer systems were members of self-sustaining, close-knit organisation and subcultural group in each State. They were confident and secure about their high status and position within the State. Their already high status probably sustained their high degree of social cohesion and separateness. In Kedah this could be indicated by the number of officers in the Kedah SCS who were from named or high status families.<sup>153</sup> Table 16 indicates that between 1960 and 1967 the number and percentage of officers from such families, although declining, make up a substantial minority within the SCS. Homogeneity in background was quite widespread. Even though there were SCS's officers who did not belong to such families, they as Kedahans, would tend to identify with the separateness and cohesion generated by the SCS as an organisation, especially in situations of contact with officers of Central organisations. According to Ness the high status occupational position of officers of the State officer system within the bureaucracies of former UFMS States was the result of their prior high family status:

"Thus their status in their local communities was not determined directly by their jobs, which essentially made the occupational position less critical for them. Further their self-images as ruling elites and bureaucrats was amply protected by their close association with other officers. In these two ways, the indigenous officers were insulated from their jobs as instruments of diffuse control. They consequently did not take seriously the directives from Kuala Lumpur that set ambitious schedules for them to meet in preparing local development plans".<sup>154</sup>

The situation of officers of Central officer systems was different. The Central Government had legal power over them with regard to their position within both the Central and State bureaucracies. They did not belong to a subcultural group within each State. They did not share a homogenous background of high family status. Recruited from all

153. These families were usually titled and were locally held to belong to ruling class. They included the Tenkus', Syeds, and Wans. In Malay Society those who claim descent from the Prophet is recognised by the honorific title 'Syed' which confers status equal to that of a Raja of Royal descent. See Gullick, J., Malaysia: Economic Expansion and National Unity, London, Ernest Benn, 1981, p. 40. 'Tengkus' have Royal descent and 'Wans' are titles awarded by the Sultan which are passed down to their descendants.

154. Ness, G.D., "The Malayan Bureaucracy and its occupational Communities: ...", p. 184.

Table 16: Kedah SCS: Number of officers from named or high status families, 1960-1967.

Year	Total number of KSCS officers. (a)	Number of officers from named families. (b)	(b) as % of (a). (c)	Number of top Div. I Posts. (d)	Number of (b) in (d). (e)	(e) as % of (d). (f)
1960	67	27	40.3	12	7	58.3
1961	70	24	34.3	12	6	50.0
1962	66	23	34.8	12	5	41.7
1963	65	22	33.8	12	4	33.3
1964	73	24	32.9	14	6	42.9
1965	67	22	32.8	14	5	35.7
1966	63	19	30.2	13	4	30.8
1967	64	17	26.6	13	4	30.8

Source: Kedah, Estimates of Revenue and Expenditure, 1960-1967. Appendix II.

parts of the Federation they belonged, instead, to a Central organisation that was, in principle, essentially based on the achievement criteria. Their occupational position within the Central organisation defined their achieved status, position and self-images. Not surprisingly officers of the Central officer systems within the bureaucracies of the former FMS States

"were more immediately and directly controlled by the formal hierarchy within which their occupations were set. There was no conflict between bureaucratic and subcultural loyalties".<sup>155</sup>

With a Central officer system Pahang did not have the same degree of legal protection and social insulation from the Central Government that was available to the State officer system of Kedah. The legal protection and social insulation of the latter had to be breached if similar co-operation was to be obtained by the Central Government from the State and Central officer systems of Kedah and Pahang respectively.

The Alliance-controlled State Governments could not afford to ignore the development policies of the Alliance-controlled Central Government, especially when these were given top priority. Tun Razak's political argument as expressed to State Governments, to quote Ness,

"was simple and direct; it was made privately to them on a number of occasions and was constantly reinforced in the public discussion of politics and elections carried by the press. The Minister argued that the government would stand or fall as a result of this development program. If State leaders wanted to continue to be elected, they must ensure that their bureaucratic functionaries give full support to the development program".<sup>156</sup>

Clearly, the survival of the Alliance-controlled Central and State Governments, it was argued, depended on the successful implementation of the Central Government's development plans. It also contained an implied threat that if State political leaders failed to ensure the full co-operation of their bureaucratic functionaries they would lose the confidence of Central political leaders and, since their political careers depended on retaining the confidence of Central political leaders in them, this would damage their political careers. In short, it would be in the States' leaders interest to ensure the co-operation of their State civil servants. In this way the party machinery was instrumental in undermining the legal protection that protected the officers of the State officer system.

Tun Razak's personal commitment and identification with the development effort were shown in his frequent on-the-spot inspection of

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155. ibid.

156. ibid. p. 165.



development projects in progress. In this he came into face-to-face contact with State civil servants. Such contacts resulted in loosening the social insulation of State officers and in making them vulnerable to Tun Razak's powers, both traditional by virtue of being a member of the traditional ruling class and democratic in his capacity as a democratically elected leader. Ness argued that

"The status of the local officer might be protected if the contacts were distant, private, and formal, but when they were face-to-face contacts, in the presence of colleagues and subordinates of the officer, the latter was almost totally vulnerable".<sup>157</sup>

A respondent<sup>158</sup>, expressing this feeling of vulnerability, remarked that even though the Kedah State civil servants were beyond the Central Government's or its Ministers direct 'control', Tun Razak's penchant for unannounced on-the-spot inspection of any District Office had engendered anxiety and uneasiness among the State and District officers. They did not want to be publicly reprimanded for their inefficiency and to have it reported that their district were not efficiently administered.<sup>159</sup>

To further emphasize his personal commitment and identification with Central development efforts, Tun Razak was involved, initially, in choosing the MCS officers as SDOs. He would choose those he thought the brightest and most committed to pursuing National development goals.<sup>160</sup> The PSD was opposed to this procedure of appointment. However, in ignoring such objection he was quoted as saying that if the PSD or the relevant department could not appoint the 'right' officer to the SDO's post then he would make the appointment.<sup>161</sup> Normally, the SDOs are appointed by the PSD from among PTD officers of the Implementation Co-ordination Unit (ICU) on the advice of the Director-General of the ICU.<sup>162</sup> Sometimes the PSD had appointed SDOs without

157. ibid.

158. Interview with Datuk Mohd. Sharif. Similar views were also expressed by other members of the Kedah SCS.

159. For an account of one such case involving a DO of a State officer system, see Ness, G.D., Bureaucracy and Rural Development in Malaysia, pp. 164-165.

160. Interview with "C".

161. Interview with "E".

162. Interviews with Datuk Suffian Majid, Director-General of ICU, 5.8.80 and Datuk Rozhan Kuntum. As in the appointments of Central officers to Central posts within a State, the appointment of the SDO to a State was usually made after prior consultation with and the approval of the State. Several States have sometimes requested, sometimes insisted, that the SDOs should be from their respective States so as to ensure their 'commitment' to the States within which they serve. Interview with "E".

such advice.<sup>163</sup>

The SDO was meant to be the Centre's man on the spot in each State: the Centre's trouble-shooter in each State. Located strategically within the SRDC as its executive secretary, with power over the disbursement of substantial amounts of Central money for development purposes in each State, the SDO was in a position to exert considerable power. In addition, the SDO through the SRDC had direct access to the State political leadership and State Government and through the Director-General of the ICU and then to central Ministers, he had access to the top Central political leadership.

Through regular meetings of all SDOs the Central Government kept track of the progress or otherwise of the implementation of development plans at the State level. These meetings were held at least once in six months and sometimes as often as once in three months. Tun Razak sometimes chaired the meetings which normally were chaired by the Director-General of the ICU who would then report to Tun Razak or to the PM. At these meetings Tun Razak frequently reminded the SDOs of their obligation and duty to the Central Government concerning development matters. Such reminders were thought necessary since they would come under tremendous pressures at the State level to toe or acquiesce to the State line. The last thing the ICU or the PM wanted was an SDO 'captured' by the State.<sup>164</sup> Such pressures and the political problems affecting the implementation of development plans were usually reported to the Director-General of the ICU and through him to the PM. In this way State pressures and the political problems were redirected to the political level and were usually discussed at the PM/MBs/CMS Conferences.<sup>165</sup>

At the meetings of SDOs, each SDO would submit progress reports on each State for discussion and where projects were making slow progress the Director-General of the ICU would personally intervene.<sup>166</sup> The States were consulted in the preparation of such reports.<sup>167</sup> In one

163. Interview with "D".

164. Interview with "F".

165. Interview with "F". At the PM/MBs/CMS Conferences the PM is advised by the Director-General of the ICU and other relevant Director-Generals of Ministries, and MBs and CMs are advised by their State Secretaries. Interestingly, since 1978 the SDOs have also been attending these meetings. This indicates the growing importance of development matters and the SDOs attendance have been used to emphasise their close links with the Central administrative and political leaders.

166. Interview with Datuk Suffian Majid.

167. Interview with "F".

of the meetings Tun Razak advised the SDOs not to be timid in the exercise of their duties and urged them to take the initiative in solving problems encountered in the State. He stated that

"You don't have to wait until I make a visit to your area to pass on your problems to me ... All problems should be solved immediately at state level. If this is not possible, they should be forwarded to the Implementation, Co-ordination, and Administrative Development Division".<sup>168</sup>

The impact of the SDOs' direct access to both State and Central political leaders, especially when Tun Razak was the Deputy PM and then the PM, was to provide them with the political 'muscle' within the State.<sup>169</sup>

The SDO co-ordinated the implementation of development plans at the State level in two ways; as the executive secretary of the SRDC and as chairman of the meetings of all DOs and State department heads. In Kedah all the DOs were SCS officers. The State department heads in both states were officers of Central professional and technical Services. The SDO thus had to work with and obtain the co-operation of the community of State officers of the SCS and that of Central officers in Kedah, but simply the community of fellow Central officers in Pahang. Mohamad Nor Abdul Ghani, perhaps suggesting that it made no difference whether DOs were members of either Central or State community of officers, argued that

"Since the ICU has the State Development Officer and the District Officers under its direct control, it can acquire direct feedback information on development progress at the State and District level for a more effective monitoring of such development. Such feedback is not obtained through a formal and standardized reporting system, but rather through ad hoc reports and regular meetings, often chaired by the Prime Minister himself".<sup>170</sup>

The problem was whether the State officers of Kedah would respond in the same way as Central officers of Pahang to Central directives channelled through the SDOs. Central officers, although in principle responsible to the State within which they served, tended to be more sensitive to Central 'needs' and policies. This tendency could be explained by the fact that their terms and conditions of service, and especially their promotion chances, were determined essentially at the Central level by

168. Straits Times (ST), 17.8.73.

169. Interview with "C".

170. Mohd. Nor Abdul Ghani, "Evaluation Techniques in Malaysia", Socio-Economic Research and General Planning Unit, PM's Department, Kuala Lumpur, Paper presented to the UN Educational, Scientific and Cultural Organization Regional Seminar on the Application of Evaluation Techniques, Kuala Lumpur, 26-30 November, 1979, p. 15.

the Central Government. State officers of Kedah, conscious of their separateness and cohesion as members of a State organisation, did not share this tendency.

As the chief administrator for development matters in each State, the SDO faced two important and recurrent problems. These concerned the relationship between the SDO and DOs and the SDO's status in each State. On the former, the important question was whether the SDO could direct DOs, especially those who belonged to SCSs as in Kedah. On the latter, the important question concerned the status of the SDO in the State and his relations with the SSec who had overall responsibility over State administration. These problems and the related questions emerged because the post of SDO was not listed within the State Constitution. Hence, the SDO's relationship with the SSec and other State officers, his areas of jurisdiction, the identity of his ultimate master to whom he had to answer concerning his activities in the State were largely not defined. The potential for conflict was considerable. Through the SSec the DOs were formally responsible to the MB/CM, but in the implementation of development policies they were made responsible and subordinate to the SDO.<sup>171</sup> The situation was rather more complex and troublesome, especially since SDOs were appointed primarily as watchdogs over the implementation of Central development projects at the State level. Their effectiveness depended on the willingness of State officers', especially those who belonged to SCSs as in Kedah, to accept their role in each State. As indicated, the SDO could use his considerable political power, based on his links with both Central and State political leaders, to ensure that DOs and State officers complied with Central directives on development matters. But according to a respondent<sup>172</sup> the SDO had to use this power sparingly because its frequent use would not only sour his relations with the State civil servants but would also indicate his ineffectiveness in winning their ungrudging co-operation. This respondent further argued that in Kedah the SDO had singularly failed in soothing the fears and anxieties of Kedah SCS's officers and in winning their ungrudging co-operation.<sup>173</sup> According to another respondent<sup>174</sup> the SDO was perceived as being over

171. Development Administration Unit, "Land Administration ; Some Critical Areas," Prime Minister's Department, Kuala Lumpur, 1968 (MIMEO), unpublished, p. 2. See also Ness, G.D., *op.cit.*, p. 151.

172. Interview with "F". He referred to the case of the SDO in Trengganu, in mid-1974, who had to resign because he could not get along with officers of the Trengganu SCS.

173. *ibid.*

174. Interview with a senior Kedah SCS officer in the State Secretariat, 15.12.80 (subsequently referred to as "G").

willing to expose the weaknesses or inefficiencies of the State administration and thus paving the way for Central 'help' to overcome these. As such the activities of the SDO within the State were viewed with considerable apprehension. Most feared was the SDO's 'independence' within the State which was strengthened by his direct link to the Centre. To undermine this and exercise some form of control over the SDO's activities in the State, Kedah, among others, suggested that any communication from the SDO to the ICU or a Central Ministry concerned with development should be 'passed' and made through the SSec.<sup>175</sup> The ICU, with the PM's backing, refused to accept this suggestion. In Pahang, the SDO working within a community of fellow Central officers had a more comfortable existence.<sup>176</sup>

The SDO's power within each State rested to a large extent on the strength of their relations with the MB, on the one hand, and with Central leaders, on the other. In Kedah, because of the State officer system, if action had to be taken against a recalcitrant and negligent State Civil Servants the SDO could do two things. The SDO could persuade the MB to take action or make a report to his Central superior who could then convince the PM that disciplinary action was necessary. Through the party machinery, the PM would be in a position to persuade the MB to take the necessary disciplinary action. In this case Centre-State party relations would be crucial.<sup>177</sup> In both cases the MB would then, through the SSec, have to take such action if he was sufficiently convinced or persuaded. The MB, however, had to tread carefully because the smooth working of the State administration depended on the co-operation of the State Civil Servants. The Kedah MB had occasionally reminded and warned State Civil Servants of their duty to serve the elected State Government. In one such occasion, the MB, Datuk Syed Nahar, speaking at a meeting of Heads of State Government Departments, advised State Civil Servants to take State Government directives without question.<sup>178</sup> He said that many problems in Kedah could be overcome if the Government officers were dedicated and loyal to the Barisan Nasional State Government, and warned that

175. Interview with "D". Kedah's suggestion was generally supported by Johore, Kelantan and Trengganu. These States were referred by him as "problem States". These States were alleged to be feet-dragging in the implementation of development programmes.

176. Interview with "F".

177. Not surprisingly, successive SDOs posted to PAS-controlled Kelantan had complained that they encountered difficult working conditions. Interviews with PTD officers.

178. The Star, 16.7.78.

"Action would be taken against these Government servants who fail to toe the line of the party in power".<sup>179</sup>

### Conclusion

The different nature of British administrative participation sustained the tradition of administrative autonomy in Kedah but engendered a tradition of administrative dependence on the Centre in Pahang. The Independence Constitution provided for the continued existence of the Kedah SCS but it did not provide for the establishment of a Pahang SCS. The Constitution, thus, failed to provide for the uniformisation or equalisation of the administrative status of Pahang to that of Kedah or vice versa. Several attempts by the Central Government since Independence to achieve this through federalising the Kedah SCS failed.

The Kedah SCS, protected by the federal structure, provides Kedah with a certain degree of administrative autonomy. Pahang has to depend on seconded Central officers who are naturally inclined to be favourable towards Central policy needs and goals. On the administrative level, State policies are executed by SCS officers in Kedah but by seconded Central officers in Pahang.

Kedah SCS officers, as members of a State organisation, have developed and sustained a sense of separateness and cohesion. This has been especially heightened during situations of contact with the Central Government (over the federalisation plans) or with Central officers (over the execution of Central development plans) and in their fight to protect and enhance their career prospects within the State bureaucracy. The significance of the existence of the SCSs had sometimes been underestimated. For example, according to Esman,

"The smooth working relations between the States and the Centre that characterized West Malaysia since Independence can be attributed to two factors: the key position of the MHFS and members of other federal services in the state administrations and control of all state governments save one by the Alliance Party".<sup>180</sup>

As far as Pahang is concerned this statement, on the whole, may well be accurate. However, as far as Kedah is concerned the statement is misleading since no MHFS officers held or later PTD officers hold key positions within the State administration. What provides for the

<sup>179.</sup> ibid.

<sup>180.</sup> Esman, M.J., op.cit., p. 92. MHFS referred to the Malaysian Home and Foreign Service. This was the re-organised MCS and the MHFS was later re-named as the Malaysian Administrative and Diplomatic Service (MADS) or Perhidmatan Tadbir dan Diplomatik (PTD).

qualitative difference in the organisation of the state bureaucracy in Kedah in contrast to that in Pahang is the existence of the relatively autonomous Kedah SCS whose members tenaciously cling to their sense of separateness and cohesion.

Chapter 8

Political Parties and Federalism: Development of the Argument and the Peninsula Malaysian Case.

Political parties and party systems respectively embody, foremost, relations of power and influence within and between parties. Within parties these relations may be inexorably shaped by Michels' <sup>1</sup>"iron law of oligarchy" or, oppositely, by Eldersveld's <sup>2</sup>"balkanization". These relations are centralised and concentrated at the top of the parties in the hands of a single leadership corps, in the case of the former, or are decentralised and fragmented at the different levels of the parties, in the case of the latter. The reality may well be a mix of the two and characterised by inter-dependence between the top and lower levels of the parties. The power relations between parties cannot simply be assessed by counting the number of parties in the party system. <sup>3</sup> This must include, among others, an assessment of the place of parties in society and the political system. <sup>4</sup> These power relations, in important ways, affect Centre-State relations. Looking at the impact of parties, especially the power relations within and between parties, on federalism is one way of placing the study of federalism within a political context.

K.C. Wheare's <sup>5</sup> restrictive conceptualisation of federalism neglected several crucial areas that have increasingly been considered vital to the working of any federal arrangement of government. <sup>6</sup> These

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1. Michels, R., Political Parties, translated by Eden and Cedar Paul, New York, Dover Publishers Inc., 1959, p. 11. Duverger is in general agreement with this. See Duverger, M., Political Parties, London, Methuen & Co., 1959, p. 133.
  2. Eldersveld, S.J., Political Parties: A Behaviourial Analysis, Chicago, Rand McNally & Co., 1964, p. 9.
  3. For a discussion and forceful statement of this point, see Sartori, G., Parties and Party Systems: A Framework for Analysis, Volume 1, London, Cambridge University Press, 1976, Chapter 5.
  4. Morris-Jones, W.H., "Dominance and Dissent: Their Inter-Relations in the Indian Party System", Government and Opposition, Volume 1, Number 4, July-September 1966, p. 453.
  5. Wheare, K.C., Federal Government, London, Oxford University Press, 3rd ed., 1953.
  6. Riker, W.H., Federalism: Origin, Operation and Significance, Boston and Toronto, Little, Brown & Co., 1964; Truman, D.B., "Federalism and the Party System", in MacMahon, A.W., editor, Federalism: Mature and Emergent, New York, 1955, pp. 115-136; Wildavsky, A., ed., American Federalism in Perspective, Boston, Little, Brown & Co., 1967; Friedrich, C.J., Trends of Federalism in Theory and Practice, London, Pall Mall Press, 1968, especially Chapter 5.



areas are those occupied by what can be termed components<sup>7</sup>, for example political parties and party systems, of the political system. The "federal constitution" provides formal boundaries within which these components operate. Federal relations are shaped not only by the constitutional division of powers between the Centre and State Governments, correctly emphasized by Wheare, but also by the operation of these crucial components within the federal political system. Federal relations are not static and emphasizing the latter provides the clue to the necessarily dynamic nature of such relations. In Livingston's perceptive re-formulation, both a critique and refinement of Wheare's approach,

"The essential nature of federalism is to be sought for, not in the shadings of legal and constitutional terminology, but in the forces - economic, social, political and cultural - that have made the outward forms of federalism necessary. Federalism, like most institutional forms, is a solution of, or an attempt to solve, a certain kind of problem of political organisation. It is true, on the whole, that federal governments and federal constitutions never grow simply and purely by accident. They arise in response to a definite set of stimuli." 8

These forces are indeed organised and channelled into, most importantly, political forms within a federation. Emphasizing and focussing on the operation of political parties and party systems in a federation is one way of going beyond Wheare's legal-formal formula in analysing federalism. Put simply, political parties and party systems are crucial in shaping Centre-State relations.

Several questions, accordingly, about the relationships between political parties and the federal structure can be raised. Are the relationships between the two levels of government dependent on or influenced by the kinds of relationships that members of political parties at both levels establish with one another? What defines the different kinds of relationships established? First, in cases where members of the same political party control the two levels of government, the manner in which the party is organised and the informal party relationships become important to federalism. Second, in cases where members of different political parties control the two levels of government the rivalry and

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7. Other components include pressure groups, political movements, political attitudes, competing political elites, bureaucratic organisations, and so on.

8. Livingston, W.S., "A Note on the Nature of Federalism", in Wildavsky, *op. cit.*, p. 36. See also Livingston, W.S., Federalism and Constitutional Change, London, Oxford University Press, 1956.

competition between governing parties become important to federalism. Third, in cases where the National government is controlled by one, the biggest, of the different Regional or State parties<sup>9</sup>, the activities of the National government are subject to the influence of the Regional or state governing party. Fourth, in cases where the same coalition of parties govern both levels of government elements of both the first and the second will be present. Important also are questions about the impact of the federal structure on both the pattern of organisation of the different political parties and the relationships between the parliamentary and extra-parliamentary wings of the parties at the two levels of government. These questions emphasize the importance of the extra-constitutional and informal elements - in this case political parties - in the dynamic federal relationships.

Truman<sup>10</sup> was among the first to recognise the importance of the relationship between political parties and federalism. His argument runs as follows. A political party has two essential dimensions: the formal structural, conventionally classified by National, State and Local levels, and the informal which is characterised by

"the extent to which the persistent and effective relationships among men and groups of men active in party affairs are clustered around one or a number of individual offices located on one or two or all three levels of the formal hierarchy." 11

In the United States, the existence of National or inter-State party machinery is devoted chiefly to the nomination and election of a President. For Congressmen the essential and primary supportive structures are located in the States and localities because

"the risks and sanctions to which most members of Congress are particularly sensitive have their focus within the states and localities." 12

Sometimes Congressional candidates will operate through more or less independent organisations of their own creation. Thus the party system in American federalism displays a confusing complexity and is capable of showing a remarkable degree of separation and autonomy.<sup>13</sup>

It is, however, the distribution of power within the party system, generally accepted as being decentralised, that is crucial in the context of federalism. This is crucially dependent on

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9. The Nigerian case, before 1966 and Military rule, is one example.

10. Truman, D.B., op. cit.

11. ibid., p. 116.

12. ibid., p. 117.

13. ibid., pp. 117-118.

"the relative significance of the various functions of the party and of the degree of decentralisation of power in connection with the most important of them." 14

It is in the area of the nomination of election candidates, the most important party function, that decentralisation of the American party system is most apparent and within which States and localism are emphasized. The lack of cohesion that this produces within the parties especially on important policy matters underlines the Central leadership's lack of control at the nominating stage. Congressmen's risks are thus localised and they will look in that direction when deciding matters of policy. The American party system then is the one that

"tends to be characterised by decentralisation of power with respect to its most crucial function, by structural confederation, and by lack of cohesion on matters of public policy." 15

Federalism, because it creates States as separate and self-sustaining centres of power, privilege and profit, contributes to the decentralisation within the party system.<sup>16</sup> First, it channels the claims of local socio-economic groups. Second, these centres can be used as leverage against federal action by local interests, and this is not conducive to either centralisation or cohesion of the parties at the national level. Third, given the multitude of elected positions and the degree of ambiguity in the pattern of political careers, it enables the conflicting but inter-dependent clusters of loyalty and aspiration to build up around various positions in the governmental structure. It thus provides for competing and frequently incompatible nuclei of decentralised intra-party conflict. These three in various combinations

"go a long way towards indicating that there is something inherent in federalism which induces decentralisation and lack of coherence in a party system." 17

The Canadian and Australian experiences<sup>18</sup> also show that federalism produces tendencies towards decentralisation and lack of cohesion in the party system. However, other political and social factors<sup>19</sup> by moderating these tendencies have encouraged the development of centralised power. Apparently, in the American case

"these additional political and social facts have accentuated or at least perpetuated the centrifugal tendencies." 20

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14. *ibid.*, p. 118.

15. *ibid.*, p. 122.

16. *ibid.*, pp. 123-125.

17. *ibid.*, p. 125.

18. *ibid.*, pp. 126-129.

19. These other factors will be discussed later.

20. *ibid.*, p. 129.

The structural fact of federalism alone is not a sufficient explanation for the decentralisation of power within the American party system. It encourages irreducible elements of decentralisation and disruption in the party system; it is as these

"reflect the underlying pace of political process and as they are harnessed to regionally differentiated issues and clusters of organisation that they find their most impelling dynamic." 21

Thus

"In a federal system decentralisation and lack of cohesion in the party system are based on the structural fact of federalism, but .... the degree to which these become the dominant characteristics of the distribution of power within the political parties is a function of a variety of other governmental and social factors which are independent of the federal structure or are merely supportive of its tendencies." 22

Riker too recognises the importance of political parties and party systems to the working of a federal government or more precisely the maintenance of the 'federal bargain'.<sup>23</sup> He argues that the 'administrative theory of federalism' which explores the relationships between fiscal and administrative arrangements, the influence of the federal institutions of government, and the pattern of political attitudes are not crucial to the maintenance of federalism. He considers that, over time, the pattern of relationships operating within the party system is crucial. In his own words,

"Whatever the general social conditions, if any, that sustain the federal bargain, there is one institutional condition that controls the nature of the bargain in all instances here examined and in all others with which I am familiar. This is the structure of the party system, which may be regarded as the main variable intervening between the background social conditions and the specific nature of the federal bargain." 24

The structure of the party system, thus, reflects and responds to the forces of both diversity (background social conditions) and unity (the specific nature of the federal bargain). This structure can either be centralised or decentralised.

Riker argues that in the United States the forces emphasizing decentralisation and localism within the political parties are supported by tradition and the absence of any effective device for unifying party

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21. ibid., p. 132.

22. ibid., p. 133.

23. Riker, W.H., op. cit. It must, however, be admitted that Wheare held that a federal structure functions best with a two-party system. See Wheare, K.C., op. cit., p. 87.

24. Riker, op.cit., p. 136.

ideologies and organisation.<sup>25</sup> Except perhaps during presidential elections, political parties are not nationally oriented<sup>26</sup> but permanently locally oriented and decentralised. Several Presidents have attempted to use ideological and organisational devices to tighten the party organisation but they have failed not for want of effort but because of the decentralised character of the party system.<sup>27</sup> In his own words

"the decentralisation of the two-party system is sufficient to prevent national leaders (e.g. Presidents) from controlling their partisans by either organisational or ideological devices. As such, this decentralised party system is the main protector of the integrity of states in our federalism." 28

Decentralisation, thus, reduces or weakens the National leaders' ability to control or influence State politics and this safeguards the identity and autonomy of States. Accordingly, Riker concludes that

"The federal relationship is centralised according to the degree to which the parties organised to operate the central government control the parties organised to control the constituent governments. This amounts to the assertion that the proximate cause of variations in the degree of centralisation (or peripheralisation) in the constitutional structure of a federalism is the variation in degree of party centralisation." 29

Riker's argument emphasizes the level of decentralisation or centralisation in the structure of the party system in explaining the working of federal governments and relations. Whether the structure of the party system is centralised or decentralised depends on the interplay of several factors - leadership, ideology, organisation and tradition - within each of the political parties.

The question of the respective impact of types of government - Parliamentary (Cabinet) or Presidential - in a federation on the types or kinds of party system that emerges has also been considered important. In Carnell's view there is no necessary relationship between the two. He argues that

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25. ibid., pp. 91-92.

26. ibid., p. 93. Although the President is the main national official, "the life of a President ... is one of constant bargaining".

27. ibid., pp. 93-100.

28. ibid., p. 101.

29. ibid., p. 129.

"Other conditions for parliamentary government being present, a lot depends on the type of party system which emerges in a federation." 30

To this Colin Leys argues that Carnell's proposition should be amended because it does not differentiate between the different types of government and thus fails to assess their consequently differential impact on the type of party system that emerges. In his own words,

"Surely whether there is a cabinet or presidential government makes a big difference to what sort of [party] system does emerge." 31

How the different types of government affect the emergence of the types of party system is not made clear. Truman, in explaining the difference between Canada and Australia on the one hand and America on the other in respect of their party systems, throws some light on this question.

Truman argues that Canada, Australia and America have one thing in common; a party system which, because of the structural fact of federalism is decentralised and lacking in cohesion. However, the distribution of power within each party system differs. In Canada the centralisation of power in the party system is higher than that in the American case. The explanation lies in the inter-play of two factors, both associated with the Parliamentary-Cabinet system, the absence of 'separation of powers' and the political fact that the positions of the provincial Prime Ministers are points from which direct succession to the most important political post, Prime Minister of Canada, can take place. The former means that there is no separate popular election of the head of the government and this is significant because

"it implies narrowing and rather sharply defining the alternative lines of succession to the position of principal influence." 32

It is, however, the political fact which seems most significant because

"the advantages of political ambiguity, which adhere to the governor of an important state or to a presidential aspirant whose prominence rests on a non-political career in the United States, lie with the experienced politician at the national level. This seems to produce a somewhat cooptative pattern of succession which ... increases dependence upon the party leader. In the hands of a gifted politician such as a Laurier or a MacKenzie King - historically not important political facts in themselves- the system can produce long and durable national leadership and reduce the disruptive influences of federalism to a minimum." 33

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30. Carnell, F.G., "Political Implications of Federalism in New States", in Hicks, U.K. et. al., Federalism and Economic Growth in Under-developed Countries, London, Allen and Unwin Ltd., 1961, pp. 47-48.

31. Leys, C., "Comment", in Hicks, op. cit., p. 63.

32. Truman, op. cit., p. 127.

33. ibid.

In Canada, then, the political fact shaping the pattern of leadership permits a level of centralisation of power in the Canadian party system not attainable in the American case.

In Australia the Parliamentary-Cabinet system is undoubtedly partly responsible for the level of concentration of power, especially in the Australian Labour Party (ALP).<sup>34</sup> Central leadership is also important in determining this. Thus, in the hands of a John Curtin,

"it is apparently possible so to use the machinery of party conference, caucus discipline, and the solidarity pledge as to offset state control of nominations." <sup>35</sup>

The great centraliser of power especially in the ALP has been the existence of intense social and class conflicts, both historically and contemporarily, that cut State boundaries and are national in scope. Thus,

"the chief significance of the Australian system for Americans is that matters of constitutional form are far less important than in Canada. The degree of discipline and of centralisation which marks the ALP and its rivals by partial adaptation, is fundamentally a reflection of underlying social conditions." <sup>36</sup>

Watts also emphasizes the differential impact of Parliamentary or Presidential federations not so much on the type of party system that emerges but on the role of political parties as managers of regional diversities within a federal consensus.<sup>37</sup> He argues that in the Parliamentary system of Cabinet government the real seat of Central power lies in the House of Commons.<sup>38</sup> The political parties working in this chamber will have to bear the main responsibility for managing or accommodating regional interests. In contrast, the balanced institutions of the bicameral legislature in the Presidential systems of the United States and Switzerland provide the framework for this task. In his own words,

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34. ibid., p. 129.

35. ibid.

36. ibid.

37. Watts, R.L., Multicultural Societies and Federalism, Studies of the Royal Commission on Bilingualism and Biculturalism, Ottawa, Information Canada, 1971, pp. 64-65.

38. The Lower House or the House of Representatives or the Dewan Rakyat, as in Malaysia, as it is sometimes called. The Australian Parliament is an exception to this general statement. This is because the division of power between the Houses of Representatives and Senate is more 'balanced' and is closer to that of the American Congress.

"in federations where power, legislative and executive, is mainly concentrated in a single chamber, it is primarily within the political parties working in that chamber that the reconciliation of regional viewpoints in the formulation of a federal consensus must take place. The political parties, therefore, bear a much heavier responsibility for this task in Parliamentary federations than in the United States or Switzerland." 39

Whether the federal system survives or not depends on its ability to accommodate the particular demands (sometimes changing) of the society on which it is based.<sup>40</sup> In this political parties, in generating a positive consensus that is not merely based on the reconciliation of distinctive regional outlooks, are crucial.<sup>41</sup> Thus, in Parliamentary federations, political parties, as aggregative components within the federal system, bear the main responsibility for generating this consensus<sup>42</sup> and the survivability of the federal system in turn depends, perhaps not totally, on how successful political parties are in handling this task.

It is possible to argue that a Presidential federation may encourage the growth of nation-wide and nationally-oriented political parties.<sup>43</sup> This, however, assumes that no single or state party would be able to capture the Presidency. The Northern Peoples' Congress (N C P ) in Nigeria, was just such a regional party.<sup>44</sup> This resulted in the regionalisation of central power under the N C P based in the north of Nigeria. As Dudley puts it, in Nigeria

"Federal super-ordination has in practice turned out to be Northern dominance." 45

In the context of Nigerian federalism it is, therefore, desirable to have genuinely national (in orientation and support) political parties which are capable of managing and encompassing the federation imposed by territorially defined tribal difference.

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39. Watts, *op. cit.*, pp. 64-65.

40. *ibid.*, p. 11.

41. *ibid.*, p. 22.

42. *ibid.*, p. 75.

43. See "Discussion" in Hicks, *op. cit.*, p. 67.

44. *ibid.* See also Dudley, B.J., "Federalism and the Balance of Political Power in Nigeria", *Journal of Commonwealth Political Studies*, Volume 4, 1966, pp. 16-29; Akindede, R.A., and Varma, S.N., "The Problem and Prospect of National Parties in Nigeria", in *African Review*, 4(3), 1974, pp. 381-400; Dudley, B.J., *Parties and Politics in Northern Nigeria*, London, Frank Cass and Co., 1968; Mackintosh, J.P., "Electoral Trends and Tendency towards a One-Party System in Nigeria", *Journal of Commonwealth Political Studies*, Volume 1, 1962-1963.

45. Dudley, B.J., "Federalism and the Balance of Political Power in Nigeria", p. 21.



Parliamentary or Presidential federation, arguably, may determine the type of party system that emerges. It is, however, not so much the type of party system as the ability of political parties, as the aggregative components, to manage simultaneously the forces for diversity and unity which is vital to the working and survivability of the federal system. In this the genuinely national, in contrast to the genuinely regional, political parties will be more able to generate and maintain a federal consensus. It is in the handling of such forces that political parties become the arena for shaping and maintaining - either as centralised or decentralised or **mixed - Centre-State relations.**

The experience of older federations, especially those of the United States, Australia and Canada, has been to show the relevance of two-party systems to federalism. Against this background Carnell observed that

"It is a paradox in the new states that responsible government functions best with a one-party system. Countries like India and Malaya have strong, stable, federal executives." 46

What prevails in either India or Malaya/Malaysia is, rather a multi-party system characterised by one-party dominance.<sup>47</sup> This paradox aside, one-party dominant systems need not be inimical to federalism and may indeed facilitate its working. This happens, however, not by the suppression of opposition (especially those experiencing regional or territorial interests) but through the internalisation of such opposition or, to use Friedrich's phrase<sup>48</sup>, a "multiplication of intra-party opposition" within the dominant party. This dominant party is still the federaliser but whether it does so in either the centralising or decentralising direction is the crucial question. The answer to this will come from an examination of the internal organisation and processes of the dominant party.

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46. Carnell, op. cit., pp. 47-48. It is quite misleading to talk about "one-party systems". In a country where there is only one party there really is no party "system" because a "system" implies the existence and interaction of parts. It is difficult to conceive of a one-party state as being conducive to "responsible" government. See Sartori, G., op. cit., Chapter 2.

47. More about this later. In Nigeria, between 1950-1966, one-party dominance was the outcome of the entrenchment of a regional political party, the NPC, at the Centre. This destabilised the Nigerian federal system. However, in India and Malaya/Malaysia, one-party dominance was able to handle the federal needs of society and thus enhance the stability of the federal system.

48. Friedrich, V.J., "Federalism and Opposition", Government and Opposition, Volume 1, Number 3, April 1966, p. 294.

Both Riker and Truman have drawn attention to the inter-dependence between party structure and federal structure.<sup>49</sup> A brief survey of the role and structure of political parties in the American, Canadian and Australian party systems reveals, inter alia, a tendency towards organisational decentralisation or non-centralisation of the political parties to the extent that national parties are federations of regional or State parties.<sup>50</sup> The Indian experience emphasizes the dominance of one formally united party, the Congress; 'formally' because what is being referred to is the tight and centralised organisational set-up imposed by the Congress's constitution. Thus, in India, the existence of social and structural federalism did not hinder the establishment of a formally tightly-knit political organisation. The inter-dependence argument, formally at least, does not seem to fit in India's case. This, however, is not the full story. The clue is contained in Truman's observation, quoted earlier<sup>51</sup>, and it refers essentially to what influences the pattern of internal or intra-party politics - the "invisible politics" to use Sartori's phrase.<sup>52</sup> This in a situation, like India, of one-party dominance, at the Centre and State levels, to understand Centre-State relations means looking at that as dominant party politics. So it is in India that

"in order to understand Union - State relations, it has always been necessary to look at them in terms of Congress politics rather than constitutional law." 53

Congress Party dominance, thus, makes available an alternative and extra-constitutional channel for the operation of Centre-State relations.<sup>54</sup>

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49. Riker, op. cit., p. 129 and Truman, op. cit., p. 115.

50. Key, V.O., Politics, Parties and Pressure Groups, 5th ed., New York, T.Y. Crowell & Co., 1964, p. 330; Dawson, R.M., The Government of Canada, 4th ed., Toronto, Toronto University Press, 1963, p. 488, Miller, J.D.B., Australian Government and Politics, revised 3rd ed., London, G. Duckworth, 1964, pp. 64-65.

51. See note 22.

52. Sartori, op. cit., p. 95.

53. Morris-Jones, W.H., "India's Political Miracle", The Australian Journal of Politics and History, Volume 7, Number 2, August 1966, p. 219.

54. The Setalvad Report wrote: "Where a single party has control over affairs at the Centre as well as in the States, an alternative and extra-constitutional channel becomes available for the operation of Centre-State relations. The political network connecting Centre and State leadership was used amply to resolve conflict and ease tension or even postpone consideration of inconvenient issues. In the process the constitution was not violated, at least not deliberately or demonstrably, but was often bypassed". Quoted in Aiyar, S.P., "The Structure of Power in the Indian Federal System", Journal of Constitutional and Parliamentary Studies, Volume 111, Number 4, October-December 1969, p. 59.

Congress dominance in Indian politics is indeed a political miracle because under its capacious umbrella federalism, among others, has been allowed to settle down.<sup>55</sup>

What then is the impact of Congress politics on federalism, and especially on Centre-State relations in India. Santhanam argues that the effect of a centralised Congress organisation on Union-State relations

"was to emphasize the strength of the Central Government and the relative subordination of the State Government. Another consequence was the State Congress organisation, the State Congress Committees, and the District Congress Committees became mere implementing bodies rather than policy-making bodies".<sup>56</sup>

In other words, Congress became the foundation for national control of state politics. However, in practice the situation is more complex, fluid and changeable. This can be understood by considering the nature of the debates over and resolution of the issues concerning Congress party constitution and organisation, especially before 1967, and party-government relations. These issues and their resolution define the balance of power between the Central and Regional or State Government and party leaders. As Kochanek indicates, the study of the processes in and operation of important Congress Committees - the all-India Congress Committee, the Working Committee, the Congress Parliamentary Board, and the Central Election Committee - in relation to the handling of these issues is vital for an understanding of Centre-State relations.<sup>57</sup> But they are necessarily debated and resolved within Congress. Both the strength and weakness of Congress dominance is its comprehensiveness at the Centre and State levels. Almost everything significantly political

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55. Morris-Jones, *op. cit.*, p. 220. See also Morris-Jones, W.H., "Dominance and Dissent: Their Inter-relations in the Indian Party System", and also his "The Indian Congress Party: A Dilemma of Dominance", *Modern Asian Studies*, Volume 1, 1967, pp. 109-132; Kothari, R., "The Congress System", *Asian Survey*, Volume 15, Number 2, December 1964, pp. 1161-1173. If an analogy with the banking system is made, then the Congress party is the clearing house of the political transactions.
56. Santhanam, K., *Union-State Relations in India*, Bombay, Asia Publishing House, 1960, p. 63. Similarly, Park wrote that "India ... has concentrated authority and power in the hands of the central government to bolster the country's sense of national unity. The result has been a tendency to impose authoritarian decisions upon resisting state and local governments. The Congress Party, which controls almost every major governmental unit in the country, through its disciplined and centrally controlled party power, bypasses inter-party compromises that might otherwise strengthen the position of leaders at State levels". See Park, R.L., "India", in Macridis, R.C., and Ward, R., *Modern Political Systems Asia*, Englewood Cliffs, New Jersey, Prentice Hall Inc., 1963, p. 293.
57. Kochanek, S.A., *The Congress Party of India*, Princeton, New Jersey, Princeton University Press, 1968; see also Morris-Jones, "Dominance and Dissent: Their Inter-relations in the Indian Party System", and his "The Indian National Congress: A Dilemma of Dominance".

takes place under it. This allows it to monopolise power, tends to reduce inter-party competition, and also breeds factionalism or 'groupism'. Factionalism can be a source of strength and dynamism within Congress through shaping the pattern of internal conflict, criticism and change, and ensuring elite recruitment from a diversified membership. However, as Brass<sup>58</sup> argues, it can also weaken Congress dominance.

The inter-play of several factors within Congress politics is important to the definition of the balance of power between the Centre and State. First, the reorganisation of the Indian states chiefly along linguistic lines has made them into territorially well-defined cohesive units and consequently renders them, politically, more powerful.<sup>59</sup> This, according to Santhanam,

"neutralises to some extent the centralising influence of ... the<sup>60</sup> political centralisation of Congress and other all-India parties".

The reorganisation of States on linguistic lines encouraged the regionalisation of power within Congress. This, as Harrison suggests, was reflected in the rising prestige of State leaders from mid-1950 and their colonisation of the Congress Party apparatus.<sup>61</sup> The latter, especially, meant increasing regionalisation of Congress Central leadership through the recruitment of men who had initially made their political conquests at the State level. This, however, did not necessarily weaken the party Centre.<sup>62</sup> The fact of the matter is simply that the gravitational pull within the party is towards the centre. Here the top leaders congregate and are concentrated and the State leaders' political survival depends on their being in the good books of the top leaders. State interests are important but there is insufficient evidence to show that leaders at the centre are there merely to push the interests of their own State.<sup>63</sup> Watts<sup>64</sup> argues that the views of the National organisation usually prevail in situations of conflict between the National and State party organisation. However, this argument needs modification since, as

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58. Brass, P.R., Factional Politics in an Indian State: The Congress Party in Uttar Pradesh, Berkeley, University of California Press, 1965, especially pp. 232-243.

59. See Government of India, Report of the States Reorganisation Committee, New Delhi, 1955.

60. Santhanam, op. cit., p. 68.

61. Harrison, S.S., India: The Most Dangerous Decade, London, Princeton University Press, 1960, Chapter 3.

62. Morris-Jones, "The Indian Congress Party: A Dilemma of Dominance", p. 131.

63. Morris-Jones, "India's Political Miracle", p. 219.

64. Watts, R.L., New Federations: Experiments in the Commonwealth, Oxford, Oxford University Press, pp. 336-338.

Kochanek<sup>65</sup> indicates, the relationship is one of fluidity and inter-dependence. Several factors, the degree of State and Central leadership unity being one of the most important, account for this.

A second factor is the cohesiveness or solidarity of Central and State party organisations and leaders. This affects the Centre's and State's ability to conduct their respective affairs without undue interference and control from the other levels. Thus, in cases of State party deadlocks, invariably the result of factionalism, the Central leadership, if united, is the decisive arbitrator.<sup>66</sup> Put differently, intra-party deadlocks indicate that the State party organisation and leaders are unable to handle the divisions caused by factionalism and these provide a united Central leadership with the opportunity to intervene in and shape State party affairs. In examining the selection process for Congress election candidates, Roy indicates that the evidence suggests that the nature of factional competition is a crucial variable in determining the extent of influence and power that the top command can assert on the lower echelons of the party.<sup>67</sup>

Marcus Franda's study of West Bengal<sup>68</sup> provides another illustration and it also emphasizes the bargaining process in Centre-State relations.<sup>69</sup> His basic thesis is that Centre-State relations, at the time the study was conducted, were dependent on the degree of State party cohesion and political mobilisation. When the State Congress Party organisation was internally cohesive and able to mobilise the State population, the Centre was unable to impose its decision on the State. He presents evidence to

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65. Kochanek, *op. cit.*, *passim*. Congress power is decentralised to the extent that it depends on local power wielders. This is well illustrated by Weiner's study of the Congress Party in a Mysore constituency. See Weiner, M., "Traditional Role Performance and the Development of Modern Political Parties: The Indian Case", *Journal of Politics*, Volume 6, Number 4, November 1964, p. 849.

66. Brass, P.R., "Factionalism and the Congress Party in Uttar Pradesh", *Asian Survey*, Volume 4, Number 9, September 1964, pp. 1037-1047. See also Kochanek, *op. cit.*, *passim*.

67. Roy, R., "Factionalism and "Stratarchy": The Experience of the Congress Party", *Asian Survey*, Volume 7, Number 12, December 1967, pp. 896-908.

68. Franda, M.F., *West Bengal and the Federalizing Process in India*, Princeton, New Jersey, Princeton University Press, 1968.

69. The bargaining element within Congress has earlier been recognised by Morris-Jones, W.H., *Government and Politics in India*, revised 3rd edition, London, Hutchinson & Co. Ltd., 1971, pp. 150-156.

show that on three issues - state boundaries, the Damodar Valley Project, and land reform - the Central Government, at times, was unable to exercise its 'dominance' over the West Bengal Government. The degree to which the population in West Bengal was politicized was as high as anywhere else in India. Although the party situation was complex and antagonisms extremely strong, conflict with the Centre over these three issues tended to unite the factions. This at the very least, provided the factions, in their assertion of States' rights, with a platform which was both common and competitive. In Franda's own words

"the success of the state in pursuing its own conceptions of its own interests was largely a result of the ability of the state party unit to attain a high degree of cohesion behind a policy that benefited those of its supporters that were highly mobilised for political action." 70

The preceeding discussion on the Indian experience is premised on the dominance of the Congress Party in Indian politics. After the 1967 general election this dominance weakened, perhaps only marginally. Consequently, as Wallace argues

"No longer can Indian politics be characterized as Congress dominated, although it is undeniable that Congress remains the single most important party. The Congress model of compromise and accommodation, negotiation and co-option - within a parliamentary framework - has continued within the larger Indian political scene." 71

The weakening of Congress dominance also produced a condition of extreme fluidity in State politics in many parts of the Indian Federation. The result was large-scale defections by dissident State Congress groups and the necessarily continuous process of forming non-Congress State coalitions in most States, in which sometimes ex-Congress groups provided the key leadership. This perhaps inevitably resulted

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70. Franda, op.cit., p. 178.

71. Wallace, P., "India: The Dispersion of Political Power", Asian Survey, Vol. 8, No. 2, Feb. 1968, p. 88.

in State Governments' instability<sup>72</sup> and coincided with the strengthening of regional parties. With the weakening of Congress, power and influence were dispersed on a regional basis and between many parties. The arena for competition was widened to include intra-Congress and inter-party competition. Consequently, the understanding of Centre-State relations in India requires going beyond merely focussing on internal Congress politics, to look for example at the politics of coalition-making and inter-party competition at the State level and their impact on Centre-State relations.<sup>73</sup>

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72. ibid., p. 89. Kochanek, S.A., "Political Recruitment in the Indian National Congress: The Fourth General Elections", Asian Survey, Vol. 7, No. 5, May 1967, p. 303; Kayshap, S.P., The Politics of Power: defections and state politics in India, Delhi, National, 1974; Sharma, M.C., "Politics of Defections and Democracy", Journal of Constitutional and Parliamentary Studies, Vol. 13(3), July-Sept. 1979, pp. 328-351; Nangia, B., "Politics of Defection", The Indian Political Science Review, Vol. 14, No. 2, July 1980; Brass, P.R., "Party Systems and Government Stability in the Indian States", American Political Science Review, 71(4), December 1977, pp. 1384-1405.

73. See Franda, M.F., "Federalizing India: Attitudes, Capacities and Constraints", South Asian Review, Vol. 3, No. 3, April 1970, pp. 199-213, and Morris-Jones, W.H., "From Monopoly to Competition in Indian Politics", Asian Review, Vol. 1, No. 1, Nov. 1967, pp. 1-12. It may be possible to argue that the weakening Congress dominance started with the reorganisation of State on linguistic lines in 1956. This made the States more effective as units of power in competing with the Centre. This has generated factionalism at the State level. But factionalism, inter-group rivalries, opposition and a lot more, were conducted under the Congress umbrella. Before the 1967 general elections the tendency towards fragmentation was balanced by an equal tendency toward party consolidation, necessary if a party wanted to win national power in Dehli. This balancing act failed, especially after 1963 up to 1967. If before 1967 ignored Congress men would in most cases, not contemplate leaving the Congress for fear of descending into relative political wilderness, after 1967 such Congressmen hoped to share power in some States by defecting from Congress. What however, makes for the difference between the pre and post 1967? According to Kochanek, the Working Committee, as the chief executive of the Congress Party, had been effective in arbitrating and mediating the competing claims of factions and groups at the State levels. However, the Committee's effectiveness depended crucially on the unity of the Central party and Government leadership which after 1963 was tenuous. As Kochanek puts it, "Let the central leadership once become so divided that it is unable to intervene decisively and one of the (cont)

The dominance and successful operation of the Congress Party for two decades after Independence in federal bargaining and negotiations go a long way in explaining the the working of India's federal arrangement. Not surprisingly and apprehensively after 1967, with a divided and weakened Congress, the question of after Congress, who or what, became more urgent and especially so in the context of Centre-State relations.<sup>74</sup> With the benefit of hindsight and as indicated by the 1971 general elections, this question was perhaps premature but the concern was real enough.

Morris-Jones wrote:

"The electorate ... restored Congress to its former dominance. The end of the dominant party had been too readily proclaimed in 1967, for even in these past four years several features of dominance survived in the two sets of rival party "constellations"; now it is back. With it, the feared slide of central politics towards unmanageable fragmentation and coalition is firmly halted. With it, the authority of the central government and central leadership in relation to state parties is substantially restored ... [and] the opposition parties go back to a position of greater dependence, forced to operate less by confrontation than by interaction by segments of the centre mass."<sup>75</sup>

However, because what the electorate restored it could similarly withdraw, and Indira's Congress lacked a strong party organisation, the situation is different from that of the pre 1967 one dominant party system.<sup>76</sup>

The Indian experience suggests three phases - pre 1967, 1967-1980 and beyond. The pre 1967 phase was a period of Congress dominance and this makes the understanding of Congress politics crucial to the understanding of Centre-State relations. It was a period when Congress became a

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73. (cont.) most important stabilising forces in the Congress will have been removed. Since it is just such a pattern which has characterised the years of divergence, party solidarity and dominance have been seriously undermined", Kochanek, The Congress Party of India, p. 232.

74. For an examination of this question, see Chopra, P., Uncertain India: A Political Profile of Two Decades of Freedom, Delhi, Asia Publishing House, 1968, pp. 342-385. On November 1969 the Congress split into two with the largest rump led by the PM, Indira Gandhi.

75. Morris-Jones, "India Elects for Change - and Stability", Asian Survey, Vol. XI, No. 3, p. 740.

76. ibid., pp. 740-741.



national institution within which Centre-State relations were unambiguously shaped and conducted and interdependence of State and Central leaders (although their primacy was recognised) was expressed. The 1967-1980 phase was a period of weakening Congress dominance with, simultaneously, the rise of Opposition (essentially State-based) parties. The Congress organisation was devided by factionalism (sometimes precipitated by Central leaders) which resulted its formal splitting. The processes and operation of important Congress committees, for long the shaper of Centre-State relations and the hallmark of Congress dominance, increasingly came into disuse because of divisions and factionalism among the Central and State leadership and the rise of Opposition parties at the State level. Thus, the channels and arenas for shaping Centre-State relations became ambiguous. This was directly linked to the nature of Congress politics and, most importantly, inter-party competition at both Centre and State levels. Janata rule at the Centre further emphasised this ambiguity. The year 1980 began with the return of Indira Gandhi's Congress to power at the Centre and in most States. However, this does not mean that the Congress dominance of pre-1967 has been re-established. Far from it. This is precisely because the accommodative and aggregative elements of the pre-1967 Congress organisation and the important Congress committees were neglected. These have been taken over by Indira Gandhi. The style of Indira Gandhi and the nature of her personal relationship to both Central and State Congress "leaders" are now crucially and unambiguously shaping Centre-State relations. Today's Congress is not a strong party organisation as such but it is firmly directed and controlled from the Centre.<sup>77</sup>

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77. See Manor, J., "Indira and After : The decay of party organization in India", Round Table, 272, October 1978, pp. 315-324; Wallace, P., "Plebiscitary Politics in India's 1980 Parliamentary Elections : Punjab and Haryana", Asian Survey, Vol. 20, No. 6, June 1980,

The Peninsula Malaysian Case.

Several writers have acknowledged the importance of political parties to the working of federalism in Peninsula Malaysia. Esman writes that

"the smooth working relations between the states and the centre that characterized West Malaysia since Independence can be attributed to ... [among others] the control of all state governments save one by the Alliance." 78

It is through retaining party control over State Governments, as Gullick argues, that

"there was no party conflict between the federal and the state regimes." 79

Milne and Mauzy similarly argue that

"The best guarantee of happy federal-state relations does not lie in any constitutional provisions but rather in the harmonizing influence of party". 80

Presumably, the greater the spread of this party, through extending its control of most, if not all levels of government, the more harmonious Centre-State relations become. Collectively, their emphasis on the crucial role of political parties is well placed. However, we need to know essentially the definition of the balance of power and influence between the Centre and States and what affects this. This cannot be anticipated just by looking at whether the same party controls or different parties control the different levels of government.

The party system in Peninsula Malaysia since Independence has been dominated by a multi-party coalition, the Alliance before 1969 and the National Front (NF) after 1971 following a two-year rule by the National Operations Council (NOC). The Alliance comprised the United Malays National Organization (UMNO), the Malayan Chinese

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77. (cont.) pp. 617-633; and Jyotinindra, D.G., "India in 1980 : Strong Centre, Weak Authority", Asian Survey, Vol. 21, No. 2, February 1981, pp. 147-161.
78. Esman, M., Administration and Development in Malaysia, Ithaca, New Jersey, Cornell University Press, 1972, p. 92.
79. Gullick, J., Malaysia : Economic Expansion and National Unity, London, Ernest Benn, 1981, p. 120.
80. Milne, R.S., and Mauzy, D., Politics and Government in Malaysia, Vancouver, University of British Columbia Press, 1978, p. 107.

Association (MCA) and the Malayan Indian Congress (MIC). In Peninsula Malaysia the NF comprises the former Alliance partners, the Peoples' Progressive Party (PPP) and the Gerakan Rakyat Malaysia (GRM or the Malaysian Peoples' Movement). The Party Islam (PI), formerly called the Pan Malayan Islamic Party (PMIP) or Parti Se Islam Malaysia (PAS), was a partner in the NF from 1973 to 1977.

Both the Alliance and the NF have dominated national politics and the Opposition, ever since the first election, does not look like a credible alternative.<sup>81</sup> In the 1955 Legislative Council Elections the Alliance won 51 out of 52 seats and 81.8% of the valid votes. In the first Parliamentary Elections of 1959 after Independence the Alliance won 74 out of 104 seats and 49.4% of the valid votes. In the 1964 Parliamentary Elections the Alliance won 89 out of the 104 seats and 58% of the valid votes. In the 1969 Parliamentary Elections it won 67 out of 104 seats and 48.5% of the valid votes. The 1974 Parliamentary Elections provided the first electoral test for the NF. In this election it won 104 out of 114 seats and 60.8% of the valid votes. In the 1978 Parliamentary Elections it won 94 out of 114 seats and 58.8% of the valid votes. The same pattern of Alliance and NF dominance is repeated at the State levels, with the exception of Kelantan (1959-1969), Trengganu (1959-1962) and Penang (1969). The Alliance and then the NF monopolised power at the Central and, with few exceptions, State levels.

What are the relations of power and influence between the parties in the coalitions? Milne and Mauzy have no reservations as to where power and influence are located within these coalitions. They argue that

"Since the first national elections, a dominant party system has prevailed in Malaysia. Both the Alliance and the National Front, as institutionalised permanent coalitions, have dominated the political process. However, one must look within the coalitions to find the key to the dominant party system: that key is UMNO. It has always had the largest number of seats in Parliament; from its ranks come the top Cabinet posts, including every Prime Minister and Deputy Prime Minister; it is clearly recognised as the most

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81. See Appendix 1.

powerful and influential party whose leadership determines the direction of party and government policy; and it sets the pattern and conditions for multi-racial accommodation. It is inconceivable, as long as UMNO does not split, that any ruling coalition could be formed without UMNO, and without UMNO as the leading partner." 82

At the State levels, again with very few exceptions, all the Mentri Besars or Chief Ministers of the States, the majority if not all, members of the State Executive Councils (Exco - the State Cabinet), and the majority of members of the State Legislative Assemblies come from UMNO. Its dominance is further indicated by the fact that among the coalition partners it receives 50% or more of the seat allocations for all the Parliamentary Elections and 50% or more of all the seat allocations in each State, with the exceptions in Penang, Selangor (1964) and Kelantan (1974), for all the State elections.

The exceptions to the rule, PAS-controlled Kelantan (1959-1969) and Trengganu (1959-1962) and Gerakan Rakyat Malaysia (GRM)-controlled Penang (1969) - before the NF was established - are significant in that both parties are essentially regionally based parties. What is interesting is the coincidence of ethnicity with the success of both parties. The PAS has its base in Kelantan, Trengganu and Kedah; historically States of the former Unfederated Malay States, relatively underdeveloped and almost totally Malay in composition.<sup>83</sup> The Chinese parties, the MCA (1959-1969) and the GRM (1969-1978), controlled the key posts in the Penang Government: historically a State of the former Straits Settlements, relatively more developed and with 56.3% of the population being Chinese and with 69.4% of the population being non-Malay. Thus, with the exception of Penang, the relationship between the State Governments and the Central Government is one between the Malay dominated State Governments and Malay dominated Central Government. The relationship between the Penang State Government and the Central

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82. op.cit., p. 217. My emphasis. See also Grosshotz, J., "Integrative Factors in the Malaysian and Phillipine Legislatures", Comparative Politics, Vol. 3, No. 1, October 1970, p. 106.

83. See Appendix 2.

Government is one between a Chinese dominated State Government and a Malay dominated Central Government. In this context Penang appears unique.

The dominant pattern in Peninsula Malaysia, however, is one between the UMNO dominated State Governments and UMNO dominated Central Government. It is for this reason that focussing on UMNO politics will be helpful in unravelling and understanding Centre-State relations. The next two chapters will do this by, first, examining UMNO as a national political organization, and second, examining the relations between UMNO-controlled Pahang and UMNO-controlled Centre as they are affected by the Endau-Rompin case. Also Kelantan as the exception to the rule will be examined in Chapter eleven.

## Chapter 9

### The United Malays National Organisation: A national political organisation.

The relations of power within UMNO are shaped formally and informally. Formally, the party constitution shapes these relations, for examples between Centre and State party leaders, and locates the repositories of power within the party. Informally, these relations are shaped by the competitive relations between individuals or groups at or between the different levels of the party organisation. This chapter concentrates on the formal relations.

#### History and Development up to 1955.

UMNO began as a loose grouping of the separate State Malay political associations.<sup>1</sup> It was formed in response to the urgent need for Pan-Malay unity so as to oppose the British Administration's imposition of the Malayan Union Scheme in 1946.<sup>2</sup> Malay political leaders viewed this scheme as a threat to Malay rights. This, perhaps more than any other consideration compelled state leaders to extend their attention and activity to beyond the State level, thereby giving an impetus to the process of national orientation.

The initial grouping, then called the Pan-Malayan Malay Congress or the Kongress Melayu Sa-Malaya<sup>3</sup>, lacked organisational unity. The Congress, with representatives from the separate State Malay political associations, had its first meeting on March 1, 1946 and considered the formation of a Malay National Movement or Pergerakan Kebangsaan Melayu.<sup>4</sup> It agreed to name this movement the Pertubohan Kebangsaan Melayu Bersatu or the United Malays National Organisation (UMNO) and a committee was appointed to draft its charter and constitution.<sup>5</sup> The

1. See Ishak bin Tadin, "Dato Onn and Malay Nationalism, 1945-51", Journal of Southeast Asian History, Vol. 1, No. 1, March 1960, p. 61; Mohamed Nordin Spoiee, From Malayan Union to Singapore Separation: Political Unification in the Malaysia Region, 1945-1965, Kuala Lumpur, Penerbit Universiti Malaya, 1976, pp.24-29; Stockwell, A.J., British Policy and Malay Politics During the Malayan Union Experiment, 1942-1948, Malaysian Branch of the Royal Asiatic Society Mono. No. 8, Kuala Lumpur, 1979, pp.64-72; Moore, D.E., "The United Malays National Organisation and the 1959 Malayan Elections," Unpub. Ph.D. Thesis, University of California, 1960, chp.1; Means, G.P., Malaysian Politics, London, Hodder and Stoughton, 2nd edition, 1976, pp. 98-102 and 112-114.
2. See Allen, J. de V., The Malayan Union Scheme, New Haven, Yale University Press, 1967, chp. 1; Stockwell, A. J., op.cit., chp. 4; Milne, R.S., and Mauzy, K.D., Politics and Government in Malaysia, Vancouver, University of British Columbia Press, 1978, pp. 26-29.
3. Stockwell, op.cit., p. 69. UMNO, 20 Tahun Pertubohan Kebangsaan Melayu Bersatu, 1966, p. 36.
4. Stockwell, op.cit., p. 69.
5. ibid., p. 70.

Congress meeting of May 11 and 12, 1946 approved the charter and the UMNO was officially inaugurated.<sup>6</sup>

The UMNO charter, drafted at short notice, was designed to achieve Pan-Malay unity by accommodating as many State Malay political associations as possible; the separate associations were simply incorporated under the umbrella organisation. This incorporation into UMNO was based, as Stockwell points out, on

"the lowest common denominator of a motley collection of associations and clubs, the autonomy of which was explicitly safeguarded".<sup>7</sup>

The President of UMNO and his Executive Committee were empowered only to direct the affairs of the overall organisation.<sup>8</sup> They and UMNO headquarters were not empowered to direct the affairs of affiliated member associations.<sup>9</sup> These, with their autonomy and identity left intact, were still controlled by State or local leaders. UMNO's links to the individual Malay members were mediated by these leaders.<sup>10</sup> Thus,

"The loyalty of the individual Malay was to his local association ... and political control rested not with UMNO headquarters but with the affiliated associations which were numerous, of varied natures and sometimes at loggerheads with each other".<sup>11</sup>

UMNO leaders had to depend on and work with these State and local leaders. Handicapped in this way, UMNO leaders soon suggested that the party should be strengthened, especially at the State level, by reorganising the system of UMNO affiliates.<sup>12</sup> On May, 1947 the UMNO General Assembly (GA) adopted a resolution designed to reorganise UMNO on

6. UMNO, op.cit., p. 36; Stockwell, op.cit., p.70. This Congress was held in Johore Bahru.
7. Stockwell, op.cit., p. 118.
8. ibid., p. 116.
9. ibid., pp. 104, n. 86 and 118.
10. UMNO's original constitution prevented it from accepting direct individual membership and establishing its own branches. Individuals were members of UMNO only through being members of the separate associations which were affiliated to UMNO. See Stockwell, op.cit., p. 118. n. 65.
11. ibid.
12. Interviews with Mohd. Khir Johari, former Secretary-General of UMNO and Cabinet Minister, 29.9.80., and Ghaffar Baba, former Chief Minister of Malacca, Cabinet Minister and UMNO Vice-President of long standing and currently still one, 1.10.80. See also Stockwell, op.cit., p. 119. As it was, several political associations and clubs were present in each State and they were affiliated to UMNO. The consolidation of UMNO at the State level would thus depend on the willingness of such associations and clubs to dilute, perhaps dissolve, their separate identity and autonomy. Selangor was at the forefront of this reorganisation drive.

the basis of direct membership.<sup>13</sup> By June, 1948, UMNO affiliates in Kedah, Malacca, Pahang, Perak, Perlis, Selangor and Trengganu were dissolved and State branches of UMNO established.<sup>14</sup> This re-organisation was ratified by the GA in May 1949.<sup>15</sup> By mid-1949 UMNO, spanning the Centre and State levels, could be described as a truly National political party.

The resignation of Dato Jaffar Onn, UMNO's first President, in 1951 was followed by the migration of his supporters from UMNO to his newly-established party, the Independence Malaya Party (IMP). This disrupted UMNO's organisation.<sup>16</sup> UMNO's new President, Tengku Abdul Rahman, thus needed to establish his control over the party, strengthen its organisation and give it a new sense of direction - and this in the context of doubts and disputes among National and State party leaders regarding the extent of Central direction over lower party bodies. The UMNO constitution and organisation became a focal point of contention as illustrated by the Centre-State party conflict in 1953 between Tengku Abdul Rahman and Dato Panglima Bukit Gantang, Chairman of Perak UMNO.<sup>17</sup>

The 1955 UMNO Constitution and Organisation.

The continuous tussle within UMNO about the nature and extent of Central direction over lower party bodies led to the adoption of a new UMNO Constitution in 1955.<sup>18</sup> With this the relations between the Centre and lower party bodies were formally reorganised. For the first time the need to establish and strengthen State party organs at State level was recognised and emphasised, with Tengku Abdul Rahman defending this in terms of improving UMNO's organisation efficiency for facing electoral

13. The resolution was adopted by 20 votes to 5. Stockwell, op.cit., p. 120.

14. ibid. p. 121.

15. ibid. Three Malay associations - Persatuan Melayu Sabak Bernam of Perak, Serberkas of Kedah and Kesatuan Melayu Singapura - retained their affiliate status within UMNO.

16. See Moore, D. E., op.cit., pp. 34-35.

17. Dato Danglima Bukit Gantang opposed the Tengku's and UMNO Central Executive Committee's policies of associating with the Malayan Chinese Association (MCA). In March, 1953, he formed a separate political organisation as part of his opposition. As a result he was expelled from UMNO in April, 1953. However, by 37 votes to 15, the Perak branches of UMNO passed a vote of confidence in his leadership of Perak UMNO. In response Tengku threatened the rebel branches with expulsion from UMNO. A large segment of Perak UMNO finally left UMNO and joined Dato Panglima Bukit Gantang's new Perak National Party (PNP). See Means, op.cit., pp. 139-140.

18. Passed at the 10th UMNO General Assembly, 25-26 December, 1955. UMNO, Undang, Tuboh, Pertubohan Kebangsaan Melayu Bersatu, 1955. (UMNO, Constitution of the United Malays National Organisation, 1955). This referred to simply as the "1955 UMNO Constitution".



challenges.<sup>19</sup> Indeed a clear whole hierarchy of National, State, Division and Branch levels was set up.

At the National level<sup>20</sup> overall authority was vested in the General Assembly (GA) within which UMNO's overall authority was vested. As the chief executive body at this level, the Supreme Executive Council (SEC) or the Majlis Kerja Tertinggi (MKT) was responsible for the administration of UMNO nationally and functioned under the GA's authority. At the State level<sup>21</sup>, UMNO's authority was vested in the State Delegates Conference (SDC) with the State Executive Committee (SECom) or Jawatankuasa Kerja Negeri (JKN) as the chief executive body. The SECom was responsible for the administration of the State UMNO and functioned under the SDC's authority. At the Division and Branch levels<sup>22</sup> respectively UMNO's authority was vested in the Divisional Delegates Meeting (DDM) and the Branch General Assembly (BGA) with the Division Executive Committee (DEC) or Jawatankuasa Kerja Bahagian (JKC) as the chief executive bodies respectively. The DEC and BEC were responsible for the administration of UMNO within the Division and Branch respectively and functioned under the authority of their respective DDM and BGA.

The SEC<sup>23</sup> comprised the President, Deputy President, three Vice-Presidents and not more than fifteen persons all of whom were elected annually at the Annual UMNO GA. It also included the heads of the National Youth and Women's movements who were elected by their respective general assemblies. Other members were appointed by the President and included the Secretary-General, Treasurer, Head of Publicity and Information, and not more than 7 others. The SECom<sup>24</sup> comprised the State UMNO Head, Deputy Head and not more than ten persons all of whom were elected annually at the SDC's annual meeting. It also included two Vice-Heads: leaders of the State's Youth and Women's movements who were elected annually at their respective annual delegates conference meetings. Other members including the Secretary, Treasurer, Head of Publicity and Information, and not more than five persons were appointed by the State Head. The DEC<sup>25</sup> comprised the Division Head, Deputy Head, Secretary, Treasurer, Head of Publicity and Information, and not more than ten persons all of whom were elected annually at the annual

19. In a speech given to UMNO's 13th General Assembly, April 16, 1960. See UMNO, Penyata Tahunan, 1959/60, p. 24.

20. The 1955 UMNO Constitution, Arts. 10 and 11.2.

21. ibid., Arts. 15.1 and 16.8.

22. ibid., Arts. 18.1., 19.6, 21.1 and 22.5.

23. ibid., Arts. 11.1

24. ibid., Arts. 16.2-16.5 and 37.3.

25. ibid., Arts. 19.1-19.3 and 37.3.

meeting of the DDM. It also included two Vice-Heads: leaders of the Division's Youth and Women's movements who were elected annually at their respective annual delegates conferences. In addition, the Division Head could appoint not more than five persons as members. The BEC<sup>26</sup> comprised the Branch Head, Vice-Head, Youth Head, Women's Head, Secretary, Treasurer, and several other persons all of whom were elected annually at the annual BGA. In addition the Branch Head could appoint not more than one-third of the total membership. Thus, at each level, the executive body had an elected head and comprised both elected and appointed members. The elected head, with the power to appoint additional members, was thus in a strong position within each level of the party organisation.

The SEC had to approve the establishment of any State UMNO organisation while the establishment of Divisions in each State electoral constituency or in other areas in each State had to be approved by the SECom.<sup>27</sup> In turn the establishment of Branches in each polling area or in other areas in each Division had to be approved by the DEC.<sup>28</sup> While the SEC had overall responsibility over UMNO affairs, the SECom had substantial formal powers within the State and over Divisions and Branches.<sup>29</sup>

The SEC was empowered to formulate for the Federation the principles, programmes and policies in the political, economic, educational, welfare and social fields.<sup>30</sup> These, however, had to be submitted to and approved by the UMNO GA. The SECom, in turn and for each State, was provided with similar powers in relation to State areas of responsibility but the exercise of such powers were subject to the SEC's supervision and advice.<sup>31</sup> The SECom's and State UMNO's powers in these matters were thus 'shared' with the SEC. The Divisions and Branches had no direct participation in such matters. In practice the extent of SECom's influence over such matters depended on the relative strength of the State leaders and State UMNO organisation on the one hand and National leaders on the other.

The power to nominate candidates for elections, depending on the type of elections, was vested in the different levels of UMNO. For Federal elections<sup>32</sup>, the SEC had the power to select and determine

26. ibid., Arts. 22.1(h) and 22.2.

27. ibid., Arts. 25 and 26.

28. ibid., Arts. 27.

29. ibid., Art. 16.12.

30. ibid., Art. 11.9(a).

31. ibid., Arts. 11.9(b) and 16.12(a).

32. ibid., Art. 11.9 (c and d).

candidates from among those proposed by the SDC and to assign the Federal electoral constituency for each candidate. It also had the power to control, supervise, and decide on any matter relating to Federal elections. Potentially, the scope of the SEC's power could be limited if the SECom was able to produce a list of candidates that had the unanimous endorsement of the SDC. While unity at the State level would enhance the State's power, disunity would provide opportunities to National leaders in the SEC to influence the composition of the list of candidates to be proposed by the SDC.

For State elections, each SECom was empowered to nominate candidates from among those elected by secret ballot at the SDC and to assign each candidate to a State electoral constituency.<sup>33</sup> The SEC's participation in this was confined to settling any dispute concerning State elections.<sup>34</sup> Thus when the SECom and the State UMNO were united over State election matters the opportunity for the SEC to intervene would be minimised. For Municipal, Town and Local Council elections<sup>35</sup> in areas within each Division, the DEC was empowered to nominate candidates, and to assign to electoral areas from among those proposed by the BGA's within each Division. It was also empowered to settle any dispute over matters regarding such elections.

The UMNO GA, which was to meet annually, formally linked the National, State, Division and Branch levels of the party by bringing together the National and State leaders and representatives of UMNO members. Delegates to the UMNO GA<sup>36</sup> included the SEC members, State UMNO Heads, those elected by and from members of each SDC<sup>37</sup>, not more than two appointed by each affiliated body, and the Head and two other members of each State's UMNO Youth Supervisory Committee.<sup>38</sup> State representation in the GA was unequal because the size of each State delegation depended on the membership size in each State. The larger the size of the State delegation, the larger the voting share and hence its power within the GA. State leaders with large delegations were thus in a position to be power brokers especially in the election of SEC members.

The three types of representational bodies in each State were, in

33. ibid., Art. 16.12 (b).

34. ibid., Art. 11.9(e).

35. ibid., Art. 19.10 (b,c and d).

36. ibid., Art. 10.3 (a and b).

37. One delegate each for every 1000 ordinary or affiliated members and 750 ordinary women members respectively in the state or one delegate from those among 1000 and 750 respectively who had paid their party fees for that year. See ibid., Art. 10.3 (c and d).

38. ibid., Art. 10.3 (e and f).

descending order, the SDC, the DDM and the BGA. Delegates<sup>39</sup> to the SDC included SECom members, each Division Head, Vice-Head (Women's movement) of each Division, Head of the State UMNO Youth Supervisory Committee and two UMNO Youth representatives from each Division and those elected by an from members of each DDM.<sup>40</sup> Delegates to the DDM<sup>41</sup> included DEC members, Heads of Branches in the Division, ordinary UMNO members who were Municipal, Town or Local Council members, Head of each Branch UMNO Youth Supervisory Committee, and those elected by each BGA.<sup>42</sup> Delegates to the BGA included BEC members and all Branch ordinary and affiliated members.<sup>43</sup>

The 1955 UMNO Constitution provided for an organisation that emphasised and recognised the importance of each level of party organisation. Figure 1 shows the structure of UMNO according to this constitution. Before this there had been no State party organisation as such and the relations between the Divisions in each State were maintained through a State Liaison Committee<sup>44</sup> (SLC) which was headed by an appointee of the SEC.<sup>45</sup> The 1955 UMNO Constitution emphasized the State party organisation and placed direct control over the Divisions in the hands of the newly established SECom. Overall the authority was vested in the UMNO GA to which the SEC was responsible. At the same time, State party bodies were also vested with specific powers and responsibilities in their respective States and these provided the basis for State party autonomy. The organisational focus and links were towards the Centre but were channeled through and shaped by the State party bodies. It was not a one-way traffic of Central influence and control over lower party bodies. The reverse flow was also important to the extent that Central leaders' political bases and strengths were located and had to be sustained in the States. The cultivation of State support, especially of State delegates support at the Annual UMNO GA, was crucial. The newly-established State party organisation and its SECom was provided with a measure of autonomy and commensurate power over State

39. ibid., Art. 15.3 (a, b, d and e).

40. One delegate each for every 500 ordinary or affiliated and 300 ordinary women members respectively in each division or from among the 500 and 300 respectively who had paid their party fees for that year. See ibid., 15.3 (c and d).

41. ibid., Art. 18.3.(a, b, e and f).

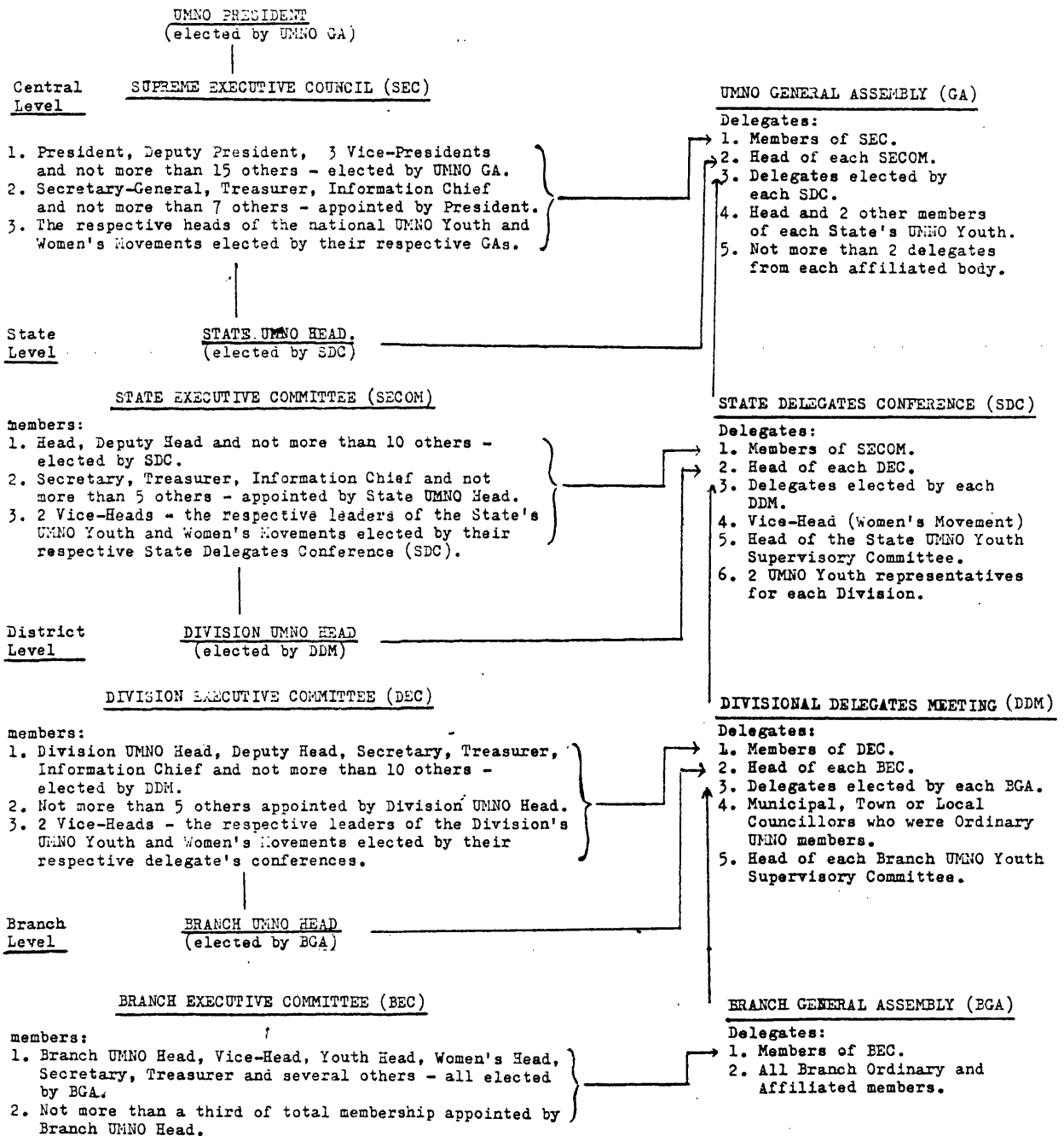
42. One delegate respectively for every 100 and 50 ordinary or affiliated men and women members or from the 100 and 50 respectively who had paid thier party fees for that year. See ibid., Art. 18.3 (c and d).

43. ibid., Art. 21.

44. Moore, op.cit., p. 32.

45. ibid. See, for example, UMNO, Penyata Tahunan, 1953, p. 69.

Figure 1:

Structure of UMNO based on the 1955 Constitution.

party affairs. The SECom was the pivotal group that organised the party in each State. The 1955 constitution thus placed UMNO on a federal footing.

Thus control of the State party organisation and its SECom became crucial. This stimulated the growth of separate party machines and in some States resulted in prolonged factional fights over control of the SECom. Such factional or group fights became increasingly intense with the approach of the first Federal and State elections in 1959.<sup>46</sup> This was because the faction or group controlling the State party organisation would be able to influence, if not control, the nomination process: a necessary first step if they wanted to reap the "spoils of office", especially with regard to determining the Mentri Besar's (MB) appointment and the composition of the State Government.

Factionalism and group conflict at the State level was making life difficult for UMNO's Central leaders.<sup>47</sup> They viewed this as undermining party unity and consequently threatening UMNO's success in the forthcoming elections. In order to ensure some control over divided and wayward State UMNOs, Tengku Abdul Rahman, the UMNO President,

46. For a discussion in Kedah, Pahang, Johore, Selangor, Perak, Neneri Penang and Malacca, see Moore, op.cit., pp. 64-69. See also Means, op.ict., p. 196. These factions and groups were, as Gullick suggested, historically rooted in the various States. See Gullick, J.M., Indigenous Political Systems of Western Malaya, London, The Athlone Press, 1958, pp. 11-14 and 87-91. Accordingly Moore argued that when UMNO was established in each State, apart from co-opting the traditional elites, it "also fell heir to traditional factionalisms which had long previous histories in the various states. Thus Gullick's accounts of the internecine struggles in Perak are important in explaining relationships in the power structure of the State UMNO organisation." Moore, op.cit., pp. 63-64.

47. Interview with Mohd. Khir Johari, 29-9-80. State party organisations were, formally at least, able to drag their feet, perhaps even ignoring Central party directives and policies. These were important and concerned especially the cementing of relations within the Alliance. The effectiveness of Central party policies designed to achieve this, for example the allocation of seats to the component parties within the Alliance, depended on their being accepted at the State level. Factionalism, apart from weakening the party, rendered the acceptability of Central party policies and directives both problematic and subject to the vicissitudes of factionalism. Means argued that the pressures for decentralisation were greatest when UMNO National leaders had to work out compromises among Alliance partners over difficult issues, especially candidate election. At these times they were especially anxious to strengthen party discipline and centralise the party apparatus. See op.cit., p. 196.

resorted to the use of informal channels.<sup>48</sup> Through these the inner workings of party politics and the relations between the Centre and State leaders were shaped. Such channels were used only in some States and not for all problems and what determined their use was the intensity of factionalism within the State UMNO.<sup>49</sup> Where other National leaders were in firm control of the State UMNOs, the Tengku worked through them.<sup>50</sup>

UMNO's Central leaders were convinced that the long-term goal of party unity and cohesion required a reorganisation of UMNO in which State UMNO's powers should be reduced and Central control over State and lower party organs should be increased. In Moore's words,

"The national leadership and the Tunku in particular saw as the only solution to this problem a return of the divisions to the direct control of the central headquarters which would usurp from any one state group the possibility of co-opting the choice of Mentri Besar or even from vying for it".<sup>51</sup>

The Tengku's attempts in February 1959 to strengthen Central control over State and lower party bodies by amending the 1955 UMNO constitution were successfully blocked.<sup>52</sup> At the Special UMNO GA on February 9, 1959, after failing to have his way, the Tengku accused the prospective MBs and State leaders of generating factionalism within State UMNOs. He stated that they had

"ceased to take advice from headquarters but have decided on and pursued their own separate policies ignoring the basic policies of the party. The direct consequence of their irresponsible actions has been constant strife and bickering, which has afflicted the organisation for some time. I have come to realise that there are some leaders at state levels who aspire to grab the post of Mentri Besar and to pack the (State) Executive Councils with their own men".<sup>53</sup>

48. Moore, op.cit., pp. 108-109. Tengku Abdul Rahman entrusted En. Mohd. Khir Johari, then Chairman of UMNO's Publicity Committee, with the task of developing such channels. He was assisted by Ismail Yusoff, then UMNO's Secretary-General, and Syed Jaffar Alba. During 1958 and 1959, Khir Johari and his two assistants made frequent visits to States and Divisions where factionalism was splitting, thus weakening, the party or where the local party organisations were balking at following Central policies or directives.
49. Interview with Mohd. Khir Johari.
50. ibid. States like Johore and Pahang were, respectively, in the firm control of the Abdul Rahman brothers, Dr. Sulaiman and Dr. Ismail (both SEC members), and Tun Razak (then UMNO Deputy President). See also Moore, op.cit., p. 110.
51. ibid., p. 116.
52. Several States, led by Selangor and Penang, successfully resisted such attempts. These States believed that such attempts would undermine "their authority and sovereignty". See ibid., pp. 116-118 and Means, op.cit., p. 197.
53. Quoted in Moore, ibid., p. 118.

He advised the GA delegates that they should establish a committee in each State to study his proposal for amending the 1955 UMNO Constitution.<sup>54</sup> Convinced that factionalism was threatening the party's electoral success, Tengku also announced his resignation as the PM in order to devote himself fully to party matters.<sup>55</sup> He explained that the problems facing the party required his personal attention and decision. Furthermore, he wanted to ensure that

"The right men go forward at both state and federal level so that when the Alliance Government is returned to power it will have sound administration in every state and at the Centre".<sup>56</sup>

The full weight of the party Presidency and his personal intervention were crucial ingredients in his attempts to tame factionalism at the State level.

In 1959, the SEC identified the State UMNOs of Perak, Negeri Sembilan, East Coast States of Kelantan and Trengganu, and Singapore as the worst-affected by factionalism.<sup>57</sup> It established a four-man commission to investigate the problems caused by factionalism in these States.<sup>58</sup> At the same time it established a Jawatankuasa Mengubal dan Meminda Undang<sub>2</sub> Tuboh UMNO or UMNO Constitutional Revision and Amendment Committee to examine the weaknesses of and to recommend amendments to the UMNO Constitution.<sup>59</sup> This committee made recommendations<sup>60</sup> and prepared a set of amendment proposals which were sent to each State UMNO and Division.<sup>61</sup> These proposals were formally

54. ibid. The Tengku took several informal steps to overcome, temporarily at least, what he viewed as problems of organisation. For a discussion of these see ibid., pp. 118-120.

55. Tun Razak took over as PM. See ibid., p. 118.

56. Quoted in ibid., p. 151.

57. UMNO, Penyata Tahunan, 1959/60, p. v. Although factionalism existed in if not all, states, some were more serious than others.

58. The Commission comprised four SEC members. They included Tun Abdul Razak Hussein, Mohd. Khir Johari, Abdul Aziz Ishak and Bahaman Samsudin and were individually and respectively responsible for investigating the problems in the State UMNOs of Negeri Sembilan, Perak, Kelantan and Trengganu, and Singapore. See ibid.

59. ibid. The Committee with Abdul Rahman Talib as Chairman comprised Mohd. Khir Johari, Tuan Syed Jaffar Alba, Tuan Syed Nasir Ismail, Ghazali Shafie, Hussein Mohd. Nordin, Mohd. Ismail Mohd. Yusoff and Wan Abdul Kadir Ismail. With the exception of Mohd. Ismail Mohd. Yusoff, all were SEC members.

60. ibid.

61. Tengku Abdul Rahman's speech at the 13th UMNO General Assembly, April 16, 1960. Reprinted in ibid., pp. 22-32, see especially pp. 23-24. According to Mohd. Khir Johari, the amendments were designed to centralise power within the party. Interviews with Mohd. Khir Johari and Mustafa Jaabar, currently Secretary-General of UMNO, 30.9.80.



tabled at the Thirteenth UMNO GA on April 16 and 17, 1960. Tengku Abdul Rahman explained to the Assembly that these proposals were designed to strengthen UMNO and make it a truly strong National party in view of the changing needs of the time.<sup>62</sup> He argued that before the formation of UMNO the Malays were influenced by attitudes of "stateness"<sup>63</sup> or loyalty to each State. But the establishment of UMNO had changed this. However, UMNO needed to be a truly strong National party if Malay unity was to be assured. The 1955 UMNO constitution, establishing State UMNO, was designed to improve the party's organisation. The result, however, was both organisational incoherence and divisions with State UMNOs. These weakened UMNO as a National political party. In Tengku's words,

"UMNO yang menjadi parti National itu telah pun menjadi state party. Tiap<sub>2</sub> Negeri telah memandang dan mensifatkan diri-nya terlepas dan bebas dan tidak lagi bertanggung jawab kepada pusat masing<sub>2</sub> hendak membuat sekehendak hatinya. Dengan ini tidak sunyi UMNO Negeri daripada berbagai<sub>2</sub> krisis besar dan kecil. Perselisihan dan pergaduhan dikalangan UMNO Negeri itu telah menyebabkan perpecahan sesama sendiri".<sup>64</sup>

[Translation:

"UMNO that began as a National party had become a State party. Each State party viewed and considered itself free and independent from and not responsible to the Centre in anything it did. Because of this the State UMNO had been constantly afflicted by both major and minor crises. Disagreement and conflict within the State UMNO had resulted in splits within its own ranks."]

He emphasised that amending the 1955 constitution was the only way to re-establish UMNO as a National party and its organisational coherence. He warned that if the amendment proposals were not approved UMNO would cease to be a truly strong National party. The Tengku's argument recognised that States had become power centres in their own right. UMNO leaders at the Centre felt threatened by this and feared that if the party was not fundamentally reorganised they would ultimately lose control of the party.<sup>65</sup> Despite the threat posed to State UMNO leaders, the UMNO GA

62. UMNO, Penyata Tahunan, 1959/60, p. 23.

63. The Malay phrase used was "perasaan ber-negerian". See ibid., p. 24.

64. ibid. According to Khir Johari these amendments were aimed at tightening a loose party structure at both the Centre and State levels. State party leaders had taken advantage of this 'looseness' and had thereby generated divisions and disunity within the party. Central leaders feared that a divided party would not be able to retain control at both the Centre and state levels. Reorganisation of UMNO was considered the only way out. Interview with Khir Johari.

65. Interview with Khir Johari. According to Mustafa Jaabar, the amendments were aimed at halting the resurgence of state loyalties. Interview with Mustafa Jaabar.

unanimously approved the amendments.<sup>66</sup>

The 1960 UMNO Constitution and Organisation

The 1960 UMNO Constitution retained the organisational structure of the party at the National, Division and Branch levels. The SEC was strengthened and provided with full and wide-ranging powers to determine policies, select candidates for Federal and State elections, supervise and control lower party bodies, and settle party disputes.<sup>67</sup> With this, at least formal power was centralised. Nationally, the authority of UMNO was still vested in the GA to which the SEC was responsible to.<sup>68</sup> The President could now appoint only five, compared to seven, as the SEC's ordinary members.<sup>69</sup> Apart from this, the SEC's membership and methods of selection remained as before.<sup>70</sup>

At the State level, the SDC and SECom were abolished and a State Liaison Committee (SLC) or Jawatankuasa Perhubungan Negeri (JPN) was provided for in each State.<sup>71</sup> The SLC's establishment had to be officially confirmed and approved by the SEC.<sup>72</sup> Compared to the SECom, the SLC was provided with minimal authority over lower party bodies and party matters within the State.<sup>73</sup> It was not empowered, as the SECom had been, to confirm and grant recognition to the establishment of Divisions in each State. This power was now vested in the SEC.<sup>74</sup> The SLC was empowered only to recommend the establishment of Divisions.<sup>75</sup> It was under the SEC's direct supervision and control and was to act purely as a liaison body linking the SEC to the Divisions and Branches in each State with its power over the Divisions and Branches limited to that of supervision and co-ordination.<sup>76</sup> Again compared to the SECom, the

66. UMNO, Penyata Tahunan, 1959/60, p. vi. The Malay Mail, 18.4.60, reported however, that the Selangor and Malacca State UMNOs opposed these amendments. These amendments were contained in UMNO, Undang-Undang Tuboh, Pertubohan Kebangsaan Melayu Bersatu, Di-persetujukan dan di-luluskan oleh Persidangan Perhimpunan Agung UMNO Yang ke-Tiga Belas, pada 16 dan 17 April, 1960. (UMNO, Constitution of the United Malays National Organisation. Agreed and passed by the Thirteenth UMNO General Assembly held on the 16 and 17 April, 1960). This Constitution will be referred to simply as the "1960 UMNO Constitution".

67. The 1960 UMNO Constitution, Art. 13.9.

68. ibid., Art. 13.2.

69. ibid., Art. 13.1(h).

70. ibid., Arts. 11.2-11.3 and 13.1(g).

71. ibid., Art. 15.1. A State party organisation was not even mentioned.

72. ibid., Art. 15.2.

73. ibid., Art. 15.9.

74. ibid., Art. 13.9.

75. ibid., Art. 17.2.

76. ibid., Arts. 15.9 (a, b, and g).

SLC had no powers over policy-making and could only recommend, but not select or determine, candidates for elections.<sup>77</sup> Powers over these were with the SEC.<sup>78</sup>

Central party control over the SLC was further emphasised and strengthened by the provision that its Leader be appointed by the UMNO President after consultations with, but not agreement of, the Division Heads in each State.<sup>79</sup> Other SLC members included the Secretary, Treasurer, and Division Heads in the State. The Secretary and Treasurer were appointed by the Leader with the concurrence of the SLC's members and the Division Heads were elected by the respective Divisional Conference of Representatives (DCR).<sup>80</sup> The Division Heads represented the only elective element in the SLC who were elected at the Division and not at the State level. Compared to the SECom's State level elective element, that of the SLC's emphasised and strengthened the Divisions because now, unlike previously, the elected Division Heads were guaranteed a place in the SECom.

At the Division level<sup>81</sup>, the DDM, now called the DCR, and the DEC retained much of their previous identity and powers. Previously Divisions were established in every State electoral constituency or in areas approved by the SECom but they were now to be established in every Federal electoral constituency or in areas approved by the SEC.<sup>82</sup> Each Division was now under the direct supervision and control of the SEC.<sup>83</sup> The Divisions were now directly linked and answerable to the

77. *ibid.*, Art. 15.9 (c).

78. *ibid.*, Art. 13.9.

79. *ibid.*, Art. 15.4.

80. *ibid.*, Arts. 15.3, 15.5 and 18.2.

81. *ibid.*, Arts. 17-18.

82. *ibid.*, Art. 17.1-17.2. In Malacca there was only one Division, controlled by Ghaffar Baba, who was then the CM, for the whole State. There were four Federal electoral constituencies in Malacca in 1960. Thus, if Article 17.1-17.2 was implemented immediately the one Division then in Malacca would have to be reorganised into four Divisions. This would reduce Ghaffar Baba's political grip on UMNO in Malacca. UMNO in Malacca was only reorganised into four Divisions in 1973 and this testified to his political strength in Malacca as well as Nationally. See Mhd. Nor Ujang, "Consensus and conflict in a dominant State political party - the case of Malacca UMNO", Graduation Exercise, Faculty of Economics and Administration, University of Malaya, 1973/1974. For another study of Centre-Division relations, see Mohd. Esa Shariff, "National Constituency relationship: A study of the UMNO with particular reference to the Pontian Selatan Division", Graduation Exercise, Faculty of Economics and Administration, University of Malaya, 1970/1971.

83. *ibid.*, Art. 15.9 (g). The question was and still is this: how could the SEC effectively keep an eye on the great number of Divisions? In 1961 there were 77 UMNO Divisions and by 1979 the

Centre. Apart from the increase in the number of Vice-Presidents from two to four<sup>84</sup>, the membership of and methods of selection to the DEC remained as before.

At the Branch level<sup>85</sup>, the BGA, now called the Branch General Meeting (BGM), and the BEC also retained much of their previous identity and powers. The establishment of a Branch in a Division was still to be approved and recognised by the DEC and its activities were still under the supervision and control of the DEC.<sup>86</sup> Regarding the membership of the BEC, the Branch Youth leader was now excluded and the Branch Head could now appoint only five, not one-third of the total membership, as ordinary members.<sup>87</sup> These changes apart, the membership of and methods of selection to the BEC remained as before.

The overall executive authority was still vested in the UMNO GA.<sup>88</sup> SEC members, as before, were entitled to be delegates to the GA. With the abolition of the SECom and the SDC a new procedure was provided for the election of delegates to the GA. Delegates were now elected by the annual DCRs.<sup>89</sup> The Divisional Heads were now entitled to be delegates to the GA.<sup>90</sup> The SLC Leaders were entitled only to attend the GA and had no voting rights.<sup>91</sup> In practice, most if not all SLC Leaders were delegates to the GA by virtue of being SEC members (as indicated later). Other delegates to the GA included not more than three delegates each from each affiliated members association and three delegates each from the Youth and Women's movements.<sup>92</sup>

83. (Cont.) number was and still is 114 (equal to the number of Federal electoral constituencies). See UMNO, *Penyata Tahunan*, 1961, pp. 42-46, and UMNO, *Penyata Tahunan*, 1979/1980, pp. 17-31. One way of controlling Divisions would be through ensuring that Central leaders (Cabinet Ministers, Deputy Ministers or Member of Parliaments) or their supporters at the State level become the Divisional Heads, as the case of Pahang (examined in chapter 10) indicates. However, SEC's control over Divisions, as note 109 and 119 suggest, has been uncertain.

84. *ibid.*, Art. 18.1(c).

85. *ibid.*, Arts. 20-21.

86. *ibid.*, Arts. 18.10 (h, i, j) and 20.1-20.2.

87. *ibid.*, Art. 21.1(g).

88. *ibid.*, Art. 14.4(a).

89. One delegate for the first 500 members who have paid their party fees for the current year and one additional delegate for every other 250 members who have paid their party fees for the current year. See *ibid.*, Art. 14.4(b).

90. *ibid.*, Art. 14.4(c).

91. *ibid.*, Art. 14.5. UMNO MPs were also entitled to attend but they had no voting rights.

92. *ibid.*, Art. 14.4 (d, e and f).

The majority of delegates to the GA were now elected by the respective DCRs. This, together with the abolition of the SEComs and SDCs, and the entitlement of Divisional Heads to be GA delegates further emphasised and strengthened the direct link of Divisions to the Centre. There were no State delegates as such but only Divisional delegates who would and could be controlled by the respective Divisional Heads. The larger the membership in each Division the larger would be the number of delegates that it could send to the GA. It would still be possible for a State leader, assuming that he had control over or the substantial backing of Divisional delegates, to be a power broker within the UMNO GA. Even more than before, Divisional Heads and their respective delegations were now potentially more important in such calculations of power in UMNO.

Within each State only the Division and Branch representational bodies were retained - the DCR and BGM. As before, delegates to the DCR included DEC members and Branch Heads.<sup>93</sup> In addition, instead of only one delegate, there were now three delegates each from the Division's UMNO Youth and Women's movements.<sup>94</sup> Other delegates were elected by the respective BGMs in each Division.<sup>95</sup> Delegates to the BGM included members of the BEC and all Branch ordinary and affiliated members.

The 1960 UMNO Constitution thus de-emphasised the importance, though not the necessity, of State UMNO organisations. Figure 2 shows the structure of UMNO according to this constitution. The necessity for some form of State level party body was recognised by the establishment of the SLC. It was, however, provided with minimal authority over the lower party bodies in the State. Formal power within UMNO was now more centralised and vested in the SEC. Formally the SEC must act under the direction of the UMNO GA. However, in practice and especially between GAs, the SEC generally and the UMNO President particularly could be its master.<sup>96</sup>

Previously the SDC and SECom were the organisational focus of the Divisions and Branches in each State. The SLC, however, was not designed to be a similar organisational focus. The UMNO GA and the SEC now provided this focus. In this the Divisions and Branches were directly

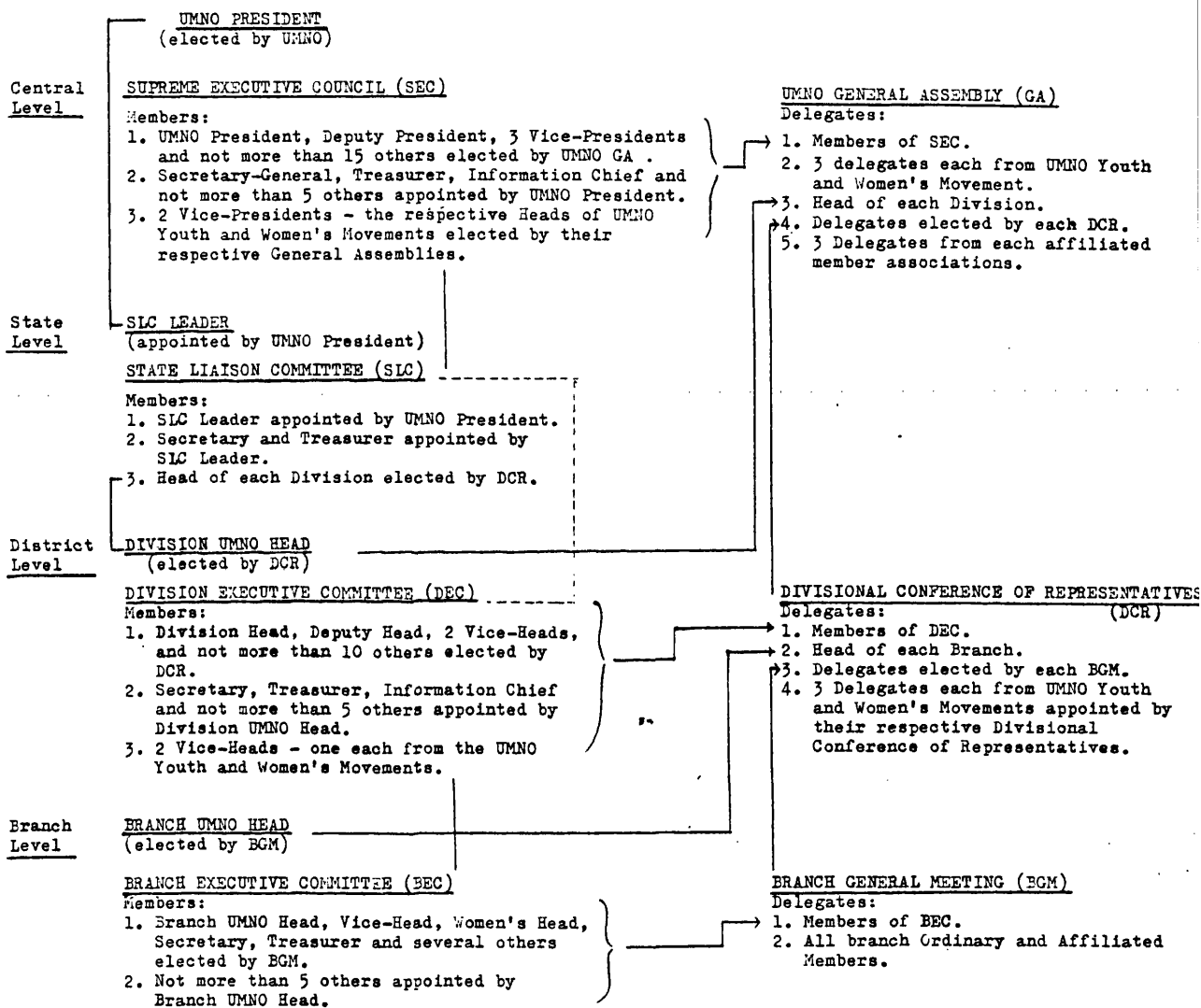
93. *ibid.*, Art. 17.6 (a, b).

94. *ibid.*, Art. 17.6 (c, d).

95. One delegate for every 50 members who have paid their party fees for the current year. See *ibid.*, Art. 17.6 (e).

96. As far as I know no UMNO GA meeting has ever voted against the SEC's actions. However, in 1979, the UMNO GA adopted a resolution that was clearly opposed by the party leaders in the SEC. See note 127.

Figure 2: Structure of UMNO based on the 1960 Constitution.



linked to the SEC especially through its power of supervision and control over them and, in the case of Divisions, to the UMNO GA through the election of its delegates by the DCRs. Previously also State party leaders were able, through their control of the SEComs and State party bodies, to wield considerable influence in the party. The formal powers of the SLCs' Leaders were minimal but their effective powers were determined as much by their position as SLC Leader as by their close association with Central party leaders. They must, at the very least, have the approval of Central leaders and command the support of substantial numbers of Divisions and their leaders. Several of them were also members of the SEC.

The organisational fragmentation of the party at the State level meant that State leaders would have to assiduously cultivate both ends of the party organisation, the bottom and the top: the bottom, effectively the Divisions and their leaders, because aspiring State leaders have to show the top (Centre) that they command the committed support of those at the bottom; the top, effectively the Central leaders in the SEC, because only they could officially confirm aspiring State leaders to positions of State leadership. Divisions and Branches do count in the calculations and competition of power in each State and also at the National level. To suggest, as K. V. Vorys did,<sup>97</sup> that State-level party organisation had atrophied following the 1960 amendment of the UMNO constitution may be an exaggeration. It would seem, rather, that UMNO within the State had been reorganised so as to increase the influence, perhaps control, of National leaders in party activities within the State. It would thus improve the top-down co-ordination within the party. This nevertheless requires a 'healthy' party organisation within the State although controlled from the Centre. Formally, at least, the SLC, unlike the SECom, was not designed as the pivotal body with respect to the organisation of the party in each State. The pivotal group was now the SEC.

The 1960 UMNO constitution eroded the federal nature of the party and further strengthened the Centre. The centralisation of power within UMNO integrated and tightened the party through reducing the importance of State level party organisation and directly linking the Divisions and Branches to the Centre.<sup>98</sup> National party leaders were thus placed with

97. Vorys, K. V., Democracy Without Consensus: Communalism and Political Stability in Malaysia, Princeton, New Jersey, Princeton University Press, 1975, p. 254.

98. Khir Johari described this as the process of strengthening UMNO as a National party. He also stated that it was then believed that

enhanced powers while the previous importance of State party organisations and their leaders were fundamentally altered and reduced.

Subsequent Changes to UMNO's Constitution and Organisation

The structure of UMNO has remained as provided for by the 1960 constitution. Subsequent changes to this did not affect the UMNO structure as such but rather the distribution of powers between the Centre and the lower party bodies.

In 1971 several amendments to UMNO's constitution were made.<sup>99</sup> These further strengthened the centralisation of power within the UMNO organisation. The SEC's powers were increased and these further strengthened its control over nominations for Federal and State elections, party discipline, lower party bodies and policies.<sup>100</sup> This centralisation of power was criticised by delegates at the UMNO GA then discussing the amendments.<sup>101</sup> The tenure of elected SEC members - President, Deputy President, three Vice-Presidents, and twenty ordinary

98. (Cont.) the quality of the State leadership was low and as such the efficiency of the party administration was affected.

Tightening the party through centralisation, it was believed, would pave the way for improving the efficiency of party administration at the State level. Interview with Khir Johari.

99. UMNO, Perlembagaan UMNO, Di-persetujukan dalam Persidangan Perhimpunan Agong Khas, Pada 8 dan 9 Mei, 1971 (UMNO, Constitution of the United National Organisation. Approved at the Special General Assembly on 8 and May, 1971). This referred to simply as the "1971 UMNO Constitution". The amendments in this constitution were prepared by the UMNO Constitution Sub-Committee. This committee was chaired by Ghaffar Baba and included UMNO Secretary-General Senu Abdul Rahman, Syed Jaafar Alba, Wan Abdul Kadir, Syed Nasir, Engku Mohsein, Othman Abdullah and Kamarul Ariffin. With the exception of Kamarul Ariffin, the others were SEC members. See UMNO, Penyata Tahunan, 1971/1972, p. 177. The SEC was renamed as Majlis Tertinggi (MT) or Supreme Council (SC). For consistency the term SEC will be used.

100. 1971 UMNO Constitution, Clause 11. For the first time, provisions governing party-government relations were provided. The SEC was made responsible for supervising the Government in implementing party policies and making the regulations governing political appointments. See *ibid.*, clauses 11.2, 11.4 and 21. There was clearly a 'fusion' between party and government office holders since the top Central Government Ministers were also SEC members. Since the SEC was ultimately answerable to the UMNO GA the new provisions governing party-government relations seemed designed to make Government Ministers answerable to the GA regarding the implementation of party policies.

101. Straits Times, 10.5.71.



members (five more than before) - was changed from one to three years.<sup>102</sup> The other two Vice-Presidents - Heads of both Youth and Women's movements - were elected as before. The Secretary-General, Treasurer and Information Chief were still appointed by the UMNO President but would now hold office for two years.<sup>103</sup> The President could also now appoint seven persons as ordinary members of the SEC.<sup>104</sup> The change in tenure was explained in these terms:

"Dulu-nya tempoh jawatan ini ia-lah sa-tahun ia-itu satu jangka waktu yang di-kira terlalu pendek untuk membolehkan ahli<sup>2</sup> yang berkenaan menjalankan program mereka".<sup>105</sup>

[Translation:

"The length of tenure for these posts before was one year which is considered too short a period for holders of such posts to be able to implement their programmes."]

The change was designed to ensure stability and continuity in the Central leadership of the party. This could potentially strengthen the Central Leader's hold on the party. This stability and continuity of Central leadership was, nevertheless, already evident before the change. Not surprisingly, this change was approved by a very small majority.<sup>106</sup>

At the State level, the already minimal powers of the SLC were reduced.<sup>107</sup> It could no longer recommend the establishment of Divisions to the SEC and its previous participation in matters concerning candidates selection for Federal and State elections was deleted. Formally, at least, the SLC's influence over party affairs seemed minimal. Several changes in the SLC's membership were also made.<sup>108</sup> In addition to the post of SLC Leader, now renamed Chairman, the post of Deputy Chairman was created. Both were to be appointed by the UMNO President after consultations with Division Heads in each State and would hold office for two years. The SLC's Secretary, Treasurer and Information Chief were appointed by the Chairman with the approval of the SLC and they would hold office until the appointment of a new Chairman or expelled by the SLC. The Division Heads remained as ordinary members. In addition, each State UMNO Youth and Women's movements were entitled to two representatives each, including their respective leaders, in the SLC.

102. The 1971 UMNO Constitution, clause 9.4.

103. ibid., clause 9.5.

104. ibid., clause 9.3 (h).

105. UMNO, Penyata Tahunan, 1971/1972, p. 179.

106. ibid. The voting was 180 votes for and 175 against. See Milne and Mauzy, op.cit., p. 174, n. 193.

107. The 1971 UMNO Constitution, clause 13.10. The SLC was renamed as Badan Perhubungan (BP) or Liaison Committee (LC). For consistency the term SLC will be used.

108. ibid., clause 13.2-13.5.

At the Divisional level, the Centre's links to and control over the Divisions were tightened and strengthened.<sup>109</sup> The DEC's powers were reduced. It was now empowered only to consult the SEC over the nomination of candidates for Federal and State elections.<sup>110</sup> Its power over local election matters was, however, strengthened.<sup>111</sup> Its power over the removal of any DEC members was now fully vested in the SEC. Changes in the DEC's membership were also made.<sup>112</sup> In addition to the Head and Deputy Head, there were now only three Vice-Head posts and these included the respective leaders of the Divisional UMNO Youth and Women's movements. The number of elected ordinary members were increased from ten to twelve. These members, apart from the leaders of the UMNO Youth and Women's movements, were now elected by the DDM once in two years. The Secretary, Treasurer and Information Chief and five ordinary members were appointed for a two-year period by the Divisional Head.

Several changes were also made at the Branch level.<sup>113</sup> The limited powers of the BEC over election matters were deleted and Central control over its activities was further tightened.<sup>114</sup>

The membership of the UMNO GA was slightly changed.<sup>115</sup> In addition to SEC members, delegates from affiliated associations and Divisional Heads, the number of delegates from each of the Youth and Women's movements were increased from three to five. Ordinary delegates to the GA were, as before, to be elected by the annual DCR but on a new

109. ibid., clauses 15-16. Changes at the Division level, according to a top official, were aimed at the entrenched positions of the lower echelon party leaders who had been in positions of control for far too long. This official described the situation in this way: "A man may have been chairman of a branch or division since 1946. His wife is the chairman of the local Kaum IBu. His son is the Chairman of the local Pemuda. His daughter is the Secretary of the Kaum Ibu. It is a family affair ... They create little empires of their own and carve out spheres of influence. Sometimes the State leadership is held to ransom by these local warlords. They distribute patronage among their own followers. As a result party machinery stagnates, as we found to our cost during the last [1969] elections." Straits Times, 22.1.71.

110. The 1971 UMNO Constitution, clause 16.13 (a). The DEC was renamed as Jawatankuasa Bahagian (JB) or Division Committee (DC). For consistency the term DEC will be used.

111. ibid., clause 16.13(b).

112. ibid., clause 16.2.

113. ibid., clauses 18-19.

114. ibid., especially clause 19.13 (a, b and c). The BEC was renamed as Jawatankuasa Cawangan (JC) or Branch Committee (BC). For consistency the term BEC will be used.

115. ibid., clause 12.4.

basis.<sup>116</sup> The participation of the SLC Chairman as non-voting delegates was abolished. At the Division and Branch levels, the membership of the DCR and BGM remained unchanged.

The UMNO constitution was further amended at the Twenty-Fifth UMNO GA on June 29, 1974.<sup>117</sup> The amendments affected especially the Division level of the party organisation. The size of a Division's delegation to the GA was limited to a maximum of ten delegates to be elected by the DCR.<sup>118</sup> Previously the size of a Division's membership determined the size of its delegation. This limitation, potentially, would tend to reduce the influence of Division Heads who were alleged to have increased, through vote-buying, the number of 'bogus' members in their Divisions. In this way they had attempted to increase the number of their Divisions delegates in the UMNO GA.<sup>119</sup> The size of each State's delegation to the UMNO GA now depended not on the size of UMNO membership but on the number of Divisions in each State. This in turn depended on the number of Federal electoral constituencies in each State because the UMNO constitution provided that a Division should be established in each constituency. The number of Federal constituencies varies from two in Perlis to twenty-one in Perak and accordingly the maximum number of Divisions possible varies. The amendment, thus, provided for a permanent unequal representation of States in the UMNO GA. The size of a Branch delegation to the DCR was also limited to a maximum of five delegates to be elected by the respective BGMs.<sup>120</sup>

116. One delegate for every 500 members who have paid their party fees for the current year. See *ibid.*, clause 12.4 (b). At the Fourteenth UMNO GA, on May 6 and 7, 1961, the Muar UMNO Division proposed an amendment to the basis by which delegates were elected by the annual Divisional Conference of Representatives. It proposed that delegates elected by this Conference should be on the basis of one delegate for the first 350 members who have paid their party fees for the current year. This proposal was not approved. See *UMNO, Penyata Tahunan, 1961*, p. 15. The DCR and BGM were renamed respectively as Divisional Delegates Meetings and Branch Conference. For consistency the terms DCR and BGM will be used.

117. Referred to as "The 1974 UMNO Constitution".

118. *ibid.*, clause 12.4 (b).

119. That such practices existed were indicated by Khir Johari in June, 1968. See *Straits Times*, 17.6.68. Such corrupt practices were widespread according to Senu Abdul Rahman, then UMNO Secretary-General. See *UMNO, Penyata Tahunan, 1974*, p. 2. The amendment was designed to break the Divisions' Heads grip on Division delegates to the GA. Interviews with Mustafa Jaabar and Ghafar Baba. Vote-buying was also rampant especially during elections for the Division's Head post; considered a necessary first step toward winning nomination for either Federal or State election.

120. *The 1974 UMNO Constitution*, clause 15.6 (c). this was also aimed at stopping the practice of vote-buying.

Further, the Division's Heads position within the DEC was strengthened by an amendment which provided that the Division Head could only be expelled from the DEC by the SEC. This must also be supported by two-thirds of the DEC members.<sup>121</sup> In supporting this amendment, Tun Razak, The UMNO President, explained to the GA that

" ... sejak timbulnya kesedaran baru di peringkat Bahagian, nampaknya telah timbul bermacam-macam taktik yang dilakukan oleh golongan kecil untuk merebut kuasa. Satu cara yang dilakukan mereka ialah mempengaruhi Ahli-Ahli jawantankuasa Bahagian menyuarakan undi tak percaya terhadap Ketua Bahagian untuk menyingkirkan dan mencalonkan ketua yang baru. Hal seperti ini tidak berlaku di masa lalu tetapi saya nampak perbuatan seperti ini akan merebak jika tidak mengawalinya dari sekarang".<sup>122</sup>

[Translation:

" .... since the emergence of a new feeling at the Division level, several tactics seem to have emerged and these were being used by a minority group to win power. One method used by them was to persuade Divisional Committee members to move a motion of no-confidence against the Division Head so as to topple him and suggest a new Head. This sort of thing did not occur before but I see that this would spread if it is not controlled from now on."]

The amendment thus strengthened the Division Heads position but at the same time made them more dependent on the support of Central leaders. The influence of the latter over the Divisions would thus tend to be enhanced. The 1974 amendments were generally viewed as increasing the power of the National UMNO leadership.<sup>123</sup>

Further amendments to the UMNO constitution were made at the special UMNO GA of July 8, 1979. In a speech supporting the proposed amendments, the UMNO President, Dato Hussein Onn, argued that the UMNO constitution, like the Federal Constitution, was a living document and as such must be amended from time to time to keep up with current situations and needs.<sup>124</sup> These amendments further centralised power within the party. The SEC was provided with absolute powers to suspend or dissolve any SLC, Divisional or Branch committees.<sup>125</sup> However, the Central leaders failed to block an amendment from the floor which reduced their powers over the nomination of election candidates. This amendment

121. *ibid.*, clause 16.5 (k and l).

122. Tun Razak's speech titled "Cabaran Untok Keamanan" (or "Challenge for Peace") to the 25th UMNO GA, in *UMNO, Penyata Tahunan, 1974/75*, p. 120.

123. Milne and Maury, *op.cit.*, p. 192.

124. *New Straits Times*, (NST), 9.7.79. See also Dato Hussein Onn's speech, "Jangan Pagar Makan Padi". [The Fence must not eat the padi], in *UMNO, Penyata Tahunan, 1979/80*, pp. 385-392.

125. *The 1979 UMNO Constitution*, clause 11.14. See also *The Star*, 9.7.79.

provided that any election candidate had to have been a member of the party for at least five years without any exception whatsoever.<sup>126</sup> The Central leaders were defeated by a massive 409 votes to 111.<sup>127</sup> For the first time in UMNO's history the leadership was defeated on any issue in the GA. It was reported that

"To a large extent, the support given by the Assembly reflected the dissatisfaction of grass-root leaders over the recent trend of co-opting able young leaders from the civil service and the professions and other newcomers to the party".<sup>128</sup>

At this Special UMNO GA the Central party leaders proposed an amendment which was designed to overcome, through the convening of a State UMNO convention, the weaknesses of the party at the State level. This amendment was made in response to the need for a State level forum within which State level UMNO politicians would have the opportunity to participate in formulating UMNO policy.<sup>129</sup> This need had been frequently expressed before. Hussein Onn in stating that so far the SEC had concentrated on activities at the Federal level implied that the State level need must somehow be met.<sup>130</sup> In his speech to the GA, he stated that

"Dalam konvensyen ini pemimpin-pemimpin parti dari seluruh bahagian dalam sesebuah negeri itu, dapatlah membincangkan berbagai masaalah yang timbul di dalam negeri yang berkenaan ... dan keputusan-keputusannya dijadikan asas tindakan oleh Kerajaan Negeri. Konvensyen seperti ini adalah penting supaya masaalah-masaalah di peringkat negeri diselesaikan segera diperingkat yang berkenaan ... [dan] membolehkan rakyat dan ahli-ahli parti menyuarkan sedikit sebanyak hasrat dan kesulitan mereka serta melahirkan pandangan dan teguran terhadap jentera pentadbiran dan dasar kerajaan di peringkat negeri ... Melalui konvensyen-konvensyen seperti ini juga dapatlah kita memperkukuh hubungan dengan pucuk pemimpin di negeri-negeri dan dengan itu memberi kepercayaan dan keyakinan yang lebih kepada pucuk pimpinan bagi melaksanakan tugas dan tanggungjawab mereka".<sup>131</sup>

[Translation:

"In this convention party leaders from all the Divisions in each State can discuss several problems that emerge in that State ... and its decisions can be used as the basis for the State Government actions. Such a convention is important in solving State problems

126. The 1979 UMNO Constitution, clause 23. Before this amendment the eligibility period was two years and exceptions could be made on several grounds by the SEC leaders.

127. NST, 10.7.79. Not coincidentally the amendment was proposed by a Pahang Division of UMNO. Not coincidentally because certain groups in Pahang had opposed the Centre's use of its nomination powers to bring in a new set of young politicians in Pahang. This discussed in the next chapter.

128. ibid.

129. Interview with Mustafa Jaabar.

130. NST, 28.5.79.

131. UMNO, Penyata Tahunan, 1979/80, p. 386.

at the State level ... [and] will enable the people and party members to express their needs and problems including their views and criticisms concerning the administrative machinery and government policy at the State level ... Also through such conventions we will be able to strengthen the relations with top State leaders and provide them with the trust and confidence to implement their tasks and responsibilities".]

The GA approved the amendment which required the SLC to convene a State UMNO convention at least once a year. The SEC, however, was empowered to determine any matters concerning the convention.<sup>132</sup> The SLC was limited to determining the duration of the convention and the number of delegates from each Division in the State.<sup>133</sup>

#### The UMNO SEC and SLCs

Following the 1960 reorganisation of UMNO the pivotal body within UMNO has been the SEC where formal power became centralised. The strength of this centralisation is further indicated by the composition of the SEC, UMNO's chief executive body.<sup>134</sup> Since Malayan Independence the President and Deputy President of UMNO have been respectively the PM and Deputy PM. Since 1960 the SEC's membership has been consistently, overwhelmingly and even increasingly made up of Central Cabinet and Deputy Ministers, and Members of Parliament (MPs). Central Cabinet and Deputy Ministers consistently make up one-quarter or more of the SEC's membership. The number of Mentri Besars (MBs) and Chief Minister (CMs) in the SEC had gradually increased. However, apart from these MBs and CMs, there have been very few State Executive Council (Exco) members or Assemblymen in the SEC. Table 1 shows the numbers in each of these categories.

The UMNO President's influence within the SEC owes much to his being the PM but is strengthened by the fact that he is empowered to appoint, at his discretion, additional members to the SEC<sup>135</sup> (See Table 2). Of late the President has used this power to appoint those MBs and CMs who had not been elected by the UMNO GA as SEC members. A remarkable feature of the SEC's membership, especially of its executive officers, is its continuity and stability. This, indeed, is an index of the strength

132. The 1979 UMNO Constitution, clause 13.7.

133. NST, 7.12.79.

134. Information of this for the 1960 to 1979 period was calculated from UMNO, Penyata Tahunan, 1960/1979 (UMNO, Annual Reports, 1960/1979), and from UMNO headquarters and Federal and State elections, 1959 till 1978. This information is condensed in Appendix 3.

135. The President of UMNO, with the exception of Suleiman Palestine's candidacy for the UMNO Presidency against Hussein Onn in 1978, has always been elected unopposed.

Table 1 : Supreme Executive Council (SEC) Members according to their Posts in the Central or State Governments and Seats in Parliament or State Legislative Assemblies, 1957-1979.

Posts/Seats:	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1971	1972-5	1975-8	1978-9
<u>Central Government Posts:</u>																
Prime Minister	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Deputy P.M.	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Cabinet Minister	6	7	7	6	5	5	6	6	7	8	8	6	9	13	10	11
Deputy Minister	-	-	2	3	3	1	2	1	-	-	-	-	2	4	7	4
M.P. (ordinary)/ Federal Councillor	8	6	2	3	5	3	4	6	7	6	8	8	6	5	5	3
<u>Central Total</u>	16	15	13	14	15	11	14	15	16	16	18	15	19	24	24	20
<u>State Government Posts:</u>																
Mentri Besar (M.B.) or Chief Minister (C.M.)	-	-	2	5	4	7	6	7	6	5	7	9	6	9	9	10
Exco Member (ordinary)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State Assemblyman	6	6	3	5	6	7	5	1	1	1	1	2	1	-	2	1
<u>State Total</u>	6	6	5	10	10	14	11	8	7	6	8	11	7	9	11	11
Combined Central & State Total	22	21	18	24	25	25	25	23	23	22	26	26	26	33	31	31
Total SEC Membership (including members without Govt. Posts)	32	31	27	30	28	28	28	27	27	27	33	34	33	38	40	36
																329.

Source: Appendix 3.

Table 2: Supreme Executive Council of UMNO: Number of Members elected or appointed under the 1955, 1960 and 1971 UMNO Constitutions.

Post:	1955 Constitution		1960 Constitution		1971 Constitution	
	Elected	Appointed	Elected	Appointed	Elected	Appointed
1. President	by Annual G.A.*	-	by Annual G.A.	-	by G.A. Triennially	-
2. Deputy President	(same)	-	(same)	-	(same)	-
3. Vice Presidents	(3 same)	-	(3 same) 2 leaders of Youth & Women's Movements	-	(3 same) 2 leaders of Youth & Women's Movements.	-
4. Youth Leader	by UMNO Youth	-	-	-	-	-
5. Women's Leader	by Women's Movement	-	-	-	-	-
6. Secretary General	-	by President	-	by President	-	by President
7. Information Chief	-	by President	-	by President	-	by President
8. Treasurer	-	by President	-	by President	-	by President
9. Others elected	15 by G.A.	-	15 by G.A.	-	20 by G.A.	-
10. Others appointed	-	7 by President	-	5 by President	-	7 by President
<u>Total</u>	22	10	22	8	27	10

330.

Source:

Note: (G.A.) General Assembly of UMNO.



and grip of Central UMNO leaders over the party. Another remarkable feature is the unequal representation of States in the SEC. Table 3 illustrates this.

At the State level, the UMNO SLC provides the link between the SEC and lower party bodies. The SLC is formally under the SEC's control and has no formal existence without the SEC's approval. The SLC's Chairman and Deputy Chairman are appointed by the UMNO President. More often than not, the SLC's Chairmen have been National (usually Central Cabinet Ministers and sometimes even the PM or Deputy PM) and not State leaders. In short, representatives of the Centre have been delegated State responsibilities. Thus, National or Central leaders provide and control the link between the highest and lower levels of the party and consequently tend to increase the Central sway over the party. Not all States, however, have National leaders as Chairmen of their SLCs. These States may well be perceived as 'safe' rather than that the State leaders, as SLC Chairman, have sufficient 'strength' to thwart Central intervention.<sup>136</sup>

Appointments either as SLC's Chairman or Deputy bestow Central recognition of leadership status in a State. These are sought after and fought over but only the Centre, UMNO President, can appoint. Cultivating the support and confidence of Central leaders is thus critical. In cases where the MBs are Chairmen of SLCs the usual procedure is first the appointment as MB and then the MB's appointment as Chairman of the SLC.<sup>137</sup>

The SEC's formal membership indicates the dominance of UMNO's Central leaders and, most importantly, the merging of top party posts with top Central Government posts through the occupation of such posts by the same persons. Almost all MBs and CMs, either through appointment or election, are also members of the SEC. Since the UMNO-dominated coalition (the Alliance and Barisan Nasional) controlled the Central and most of the State Governments, the SEC thus lends itself as an extra-constitutional arena for handling and co-ordinating, perhaps tightening,

136. This impression was gained through interviews with Central UMNO leaders. Appendix 4 lists the Leaders and Deputy leaders of UMNO SLCs (1957-1979).

137. See Mohd. Adam Kechik, "Mentri Besar: Perlantikan dan Pemecatan di Bawah Perlembagaan Di Malaysia," Kertas Projek sebagai memenuhi syarat sebahagian daripada kehendak ijazah Sarjana Muda Undang-Undang (LLB), Universiti Malaya, Kuala Lumpur, 1978/1979, pp. 52-53.

Table 3: State Representation in the UMNO Supreme Executive Council, 1957-1979: Executive Posts compared to Total Membership of UMNO Supreme Executive Council (SEC).

States:	1957	1958	1959	1960	1961	1962	1963	1964	1965		1966	1967		1968	1971		1972-5		1975-8		1978-9									
	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b	a	b								
Johore	5	7	3	7	2	6	3	6	3	4	3	5	2	5	1	5	1	4	1	7	3	8	1	6	3	7				
Kedah	3	6	2	5	2	4	3	6	4	5	4	5	6	5	6	5	7	5	7	5	7	2	6	1	5	2	4	1	3	
Kelantan	0	1	0	2	0	2	0	1	0	1	0	2	0	2	0	2	0	3	0	1	1	1	1	1	3	1	4	1	3	
Malacca	0	1	0	0	0	0	1	0	1	1	1	1	1	1	1	1	1	2	1	2	1	1	1	1	2	1	2	1	2	
Negri S.*	0	1	1	1	1	1	0	1	0	1	0	1	0	1	0	0	1	0	1	0	2	0	2	0	2	0	2	0	3	
Pahang	1	3	0	3	1	2	1	3	1	2	1	3	1	3	1	3	1	2	1	3	1	4	1	4	1	4	0	4	0	4
Penang	0	1	1	1	0	1	0	2	0	2	0	2	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1	0	1
Perak	0	4	0	3	1	2	1	2	1	4	1	3	0	1	0	2	0	4	0	3	0	2	0	2	0	2	0	3	0	3
Perlis	0	1	1	1	0	1	0	1	0	1	0	0	0	1	0	0	0	1	1	3	1	2	1	2	1	2	0	1	0	1
Selangor	0	4	0	3	1	3	1	3	1	3	0	3	0	2	0	2	0	4	0	2	1	2	2	4	2	7	3	7	3	7
Trengganu	0	1	0	2	1	3	1	3	1	3	0	2	0	3	1	3	1	3	0	3	0	2	0	2	0	3	0	2	0	2
Total	9	31 <sup>1</sup>	9	30 <sup>2</sup>	9	26 <sup>1</sup>	10	30 <sup>1</sup>	10	28 <sup>1</sup>	10	28 <sup>1</sup>	9	27 <sup>1</sup>	9	27 <sup>2</sup>	9	27 <sup>1</sup>	9	34	10	33 <sup>3</sup>	10	38 <sup>3</sup>	9	40 <sup>3</sup>	9	36	9	36

Source: Appendix II and UMNO, Penyata Tahunan, 1960-1979; Also information from UMNO Headquarters, Kuala Lumpur.

Note: Column (a) Executive Posts in SEC; Column (b) Total number of Members in SEC; \* Negri Sembilan.

- (1) - one unknown State of origin.  
 (2) - two unknown State of origin.  
 (3) - three unknown State of origin.

Centre-State relations.<sup>138</sup> There is, however, no similar merging of the MB's or CM's posts with the top party posts at the State level precisely because there is no autonomous State UMNO body that could be captured and controlled.

Formally, at least, the SLC does not enjoy an independent existence. It was designed as an arm of the Centre in the State. Since UMNO Divisions and Branches are already directly linked to the Centre, the impact of this is to strengthen the centralisation and integration of the party. Not surprisingly several attempts at strengthening the SLC and hence the State party body have been made. A year after the introduction of the 1960 UMNO constitution, at the Fourteenth UMNO GA between May 6 and 7, 1961, the Batu Gajah UMNO Division in Perak proposed a constitutional amendment which was designed to guarantee equal State representation in the SEC and increase the SLC's power. The proposal was

"Bahawa Persidangan ... ini mendesak UMNO Malaya bahawa Ahli<sub>2</sub> Jawatankuasa Tertinggi UMNO Malaya hendak-lah mengandongi dua (2) orang daripada tiap<sub>2</sub> Negeri yang di-pilih dan di-hantar oleh Ahli Jawatankuasa Perhubungan Negeri".<sup>139</sup>

[Translation:

"That this ... Assembly make a demand to UMNO Malaya that membership of UMNO Malaya's Supreme Executive Council should comprise two (2) persons from each State that are chosen and sent by members of the State Liaison Committee".]

The proposal was rejected.<sup>140</sup>

In May 1976 several Perak UMNO State Assemblymen expressed the need for a State level delegates meeting to co-ordinate the party and the Government.<sup>141</sup> They argued that in the past such a delegates' meeting was held annually with representatives from each UMNO Division in the State.<sup>142</sup> They remarked that

"At present, the relationship between the divisions, the State UMNO and the [State] Government is such that it is not conducive for members to air their views".<sup>143</sup>

In response, Dato Sri Mohamed Ali Zaini, a member of the Perak SLC, agreed that an extraordinary State delegates' meeting should be held. As its chairman designate, he pointed out correctly that

138. The appointments of MBs and CMs by the President of UMNO as SEC members were designed to make the SEC into such an arena for co-ordinating Centre-State policies. Interviews with Central UMNO leaders.

139. UMNO, Penyata Tahunan, 1961, p. 23. My emphasis.

140. ibid.

141. NST, 6.5.76.

142. ibid.

143. ibid.

"The UMNO Consitution does not provide for a State level delegates' meeting. But for the good of the party the meeting should be held".<sup>144</sup>

Presumably such a meeting could only be formally held with the agreement not only of the Perak SLC Chairman, Tan Sri Ghazali Jawi who was then also the MB, but also of the UMNO President and the SEC.<sup>145</sup> Such a meeting, however did not eventuate.

The clearest call to restructure the party within the State was made in January 1977 by the Taiping Barat UMNO Branch in Perak.<sup>146</sup> At its Sixth Annual General Meeting, the Branch adopted a resolution urging the UMNO SEC to take immediate steps to amend the constitution so that the SLC could be replaced by a proper State Committee.<sup>147</sup> The resolution proposed the establishment of a State Committee whose chairman and members should be elected from and by the UMNO Divisions in the State. The resolution stated that

"At present, the various State Liaison Chairmen were chosen by the UMNO national President. It is often found that such appointed chairmen seldom command the majority confidence of the divisions and branches. The only way open to achieve this objective is that UMNO State Liaison chairman must be elected by the divisions in that particular State".<sup>148</sup>

A similar call was made by Datuk Ghani Ishak, the CM of Malacca, in September 1978.<sup>149</sup>

The above calls were not totally ignored as indicated by the 1979 amendment of the UMNO constitution which required the SLC to convene an annual state UMNO convention. However, this fell far short of what was demanded. The SLC remained unchanged. According to Ratnam and Milne,

144. ibid., 22.6.76.

145. The UMNO constitution does not provide the Chairman of the SLC with powers to act independently of the SEc.

146. The Star, 6.1.77.

147. ibid.

148. ibid.

149. NST, 18.9.78. Significantly both calls, one by those in Perak and the other by those in Malacca, were made in the midst of an unresolved competition for power at the State level. In the case of Perak those against the MB, Tansri Ghazali Jawi, believed that the MB's position had been further strengthened by his position as Chairman of the Perak SLC -a position that was bestowed on him by the Centre. Similarly also in the case of Malacca where Ghani Ishak was competing for the CM's post. For the dissident in Perak and Malacca, a change in the procedure for determining the composition of the SLC, especially that of its Chairman, from one determined by the Centre to one determined by the State through election would provide the opportunity for the dissidents to undermine the MB's and CM's positions respectively. In both cases the result would have been a reduction in the Centre's dominance or State's dependence on the Centre.

"The status of these committees has been a source of some disagreement within the UMNO, for it has been felt by the lower levels that entrenched cliques have tended to use them to promote their own interest. The Liaison Committees have consequently been given very few powers in recent years".<sup>150</sup>

At the State level, the SLC was and is still perceived as an influential body capable of influencing State politics and the careers of State politicians.<sup>151</sup>

#### Discussion and Conclusion

Formal power within UMNO, with the exception of the 1955 to 1960 period, has been progressively centralised. The impact has been to make the SEC increasingly powerful and pivotal within UMNO. The SEC as UMNO's chief executive body has been consistently composed of and dominated by Central UMNO leaders who were at the same time Central Government Minister. This tended to increase the Central sway of the party.

As the pivotal body within UMNO, the SEC has direct and substantial powers over party affairs within State boundaries through its direct control over both the SLCs and UMNO Divisions. The SLC, as a Centrally-controlled monitoring and co-ordinating body, is a poor substitute of and is not an autonomous State party body. It is provided with minimal powers and led by a Central appointee, usually a Cabinet Minister. There is thus no autonomous State level party body which could be captured and used by State leaders. They thus have to depend on a Centrally (SEC)-controlled party machine to maintain their leadership positions in the State. The SEC's control over the nomination process, through which central leaders determine the pattern of elite recruitment, further emphasizes this dependence.<sup>152</sup>

Party elections, the living part of the party's living constitution according to Sartori<sup>153</sup> determine the party's career system. Within UMNO elections are organised hierarchically at, and upward from, the Branches, Divisions and National levels but bypassing the State levels. UMNO leaders in a State can thus hope to win control electorally of a Division but this, though important, does not furnish a big enough

150. Ratnam and Milne, The Malayan Parliamentary Election of 1964, Kuala Lumpur and Singapore, University of Malaya Press, 1969, p. 33.

151. This perception was evident during the Pahang crisis over the nomination of election candidates and appointment of the MB. This is discussed in the next chapter.

152. The SEC's and UMNO President's use of this power was clearly evident in the Centre's imposition of a candidates' line-up for the State elections in Pahang.

153. Sartori, G., Parties and Party Systems: A framework for analysis, Vol. 1., London, Cambridge University Press, 1976, p. 97.

political base within the party. Ambitious State leaders who are anxious to consolidate their political bases, with no opportunities to win elections to State level party posts, are thus required to participate actively in elections at the National or Central level. The party's career system, thus, tends to further emphasise the importance of the Centre.

State leaders, including MBs and CMs, participation at the Centre means becoming involved in UMNO GA politics, especially over the elections of SEC members. In this control over State delegates votes in the GA is crucial. This is one resource that State leaders can use effectively at the Centre assuming that they effectively control the votes of delegates from their States. In short, are they effective vote managers? The occurrences of "block-voting" by States in the GA elections have been frequent<sup>154</sup> and these evidenced the presence of State vote managers. The number of delegates' votes is also crucial to the effectiveness of vote managers and the practices, noted earlier, of creating 'bogus' membership was aimed at increasing this number. On this Milne and Mauzy argued that

"Since the votes of the delegates from a state were largely controlled by the Mentri Besar or Chief Minister, this ['bogus' membership] increased the power of the state leaders".<sup>155</sup>

The importance of GA delegates' votes to State vote managers has, however, been reduced by two developments: first, the 1974 amendment limiting the number of GA delegates to which each Division is entitled; second, voting in the GA was made secret in 1975 in an apparent attempt to eradicate block-voting.<sup>156</sup> The one resource that State leaders had access to and which they could at least hope to control was thus devalued. Their dependence on the Centre is further underlined.

In an obvious reference to the interdependence argument - that decentralisation and lack of cohesion in the party system are based on the structural fact of federalism - Indorf argued that in Peninsula Malaysia the federal structure has contributed toward a proliferated party system.<sup>157</sup> He stated that

154. Interviews with Mustafa Jaabar and Khir Johari.

155. Milne and Mauzy, *op.cit.*, p. 133 and also p. 203, n. 335.

156. Interviews with Mustafa Jaabar and Khir Johari. See Milne and Mauzy, *op.cit.*, p. 203.

157. Indorf, H. H., "Party System Adaptation to Political Development in Malaysia During the First Decade of Independence, 1957-1967", Unpub. Ph.D. Thesis, New York University, 1969, pp. 196-197.

"Traditional Rulers and their states still command the strongest loyalties. This cohesion has fostered active political regionalism which created its own anti-body against political infiltration from sources external to the State, thereby maintaining the parochial character of party politics, either through an independent party or as an autonomous state unit of a national organisation".<sup>158</sup>

There are many parties but so far only Kelantan and Penang have provided 'safe' bases for opposition parties. The party system is dominated by an UMNO-dominated coalition. As far as UMNO is concerned there is, however, no autonomous State party unit within its structural make-up. Thus, despite the federal structure, UMNO has been able to become, through the centralisation of power, a highly and formally tightly-knit political organisation. Within this structure the SLCs and later the State UMNO conventions appear as empty concessions to the federal structure. The interdependence argument does not seem to fit in Peninsula Malaysia's case.

UMNO was established to counter the threat to Malay rights posed by the Malayan Union Scheme. Its establishment also initiated the process of national orientation amongst previously State-orientated Malay leaders. Malay unity was essential to UMNO's opposition to the Scheme and to achieve this it was required to develop organisationally at all levels. UMNO's success in having the Malayan Union Scheme withdrawn was due, not least, to its success in penetrating the States and mobilising the Malays on a Pan-Malayan basis. This success was salutary in that for the first time the capture and domination of the political Centre was not beyond the reach of Malays provided that they were united. This success was to be followed by UMNO's involvement, together with the Sultans and later the MCA, in negotiations with the British for an alternative political structure. UMNO leaders also realised that the future political stability of a multi-communal Malaya depended not only on UMNO's domination of the political Centre but also on a political arrangement with the parties representing the non-Malays at both the Centre and State levels. For both communal unity was and still is vital. UMNO leaders believed that only a highly centralised and tightly-knit UMNO could maintain Malay unity and at the same time enable it to enforce at the State level any multi-communal bargain with non-Malay parties. It was thus not surprising that Central UMNO leaders were quick to repair the perceived damage caused by the establishment of fully-fledged State UMNO organisations as real centres of power. For they saw this damage not only in terms of communal solidarity but also in terms of their

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158. ibid., p. 197.

ability to control party affairs at the State level. With communal solidarity undermined and control over State party affairs reduced, Central UMNO leaders might not have been able to bargain with the non-Malay parties from a position of strength and if a bargain was struck they would be in a weak position to have it accepted at the State level. Malay communalism then is a centralising force within UMNO. It is a force that cannot be contained by a federal structure precisely because it traverses State boundaries and seeks resolution at the Centre. With a strong Centre and a relatively weak State within the Peninsula Malaysia Federation the centralising tendency of communalism is enhanced. For UMNO communalism indeed was the original causal force but centralisation has subsequently been pushed by other factors including the impatience of Central leaders with any check on their power, developmental drives and needs of national identity.

UMNO has been singularly successful in establishing its dominance at the Centre and in most States, with the exception of Penang and Kelantan (before 1978). This enduring success must reflect, at least, its ability to speak for and hold together many Malays who are active in politics at the State and local levels. This is the basis of its strength.<sup>159</sup> UMNO's enduring success is a magnet and makes it all but indispensable to those aspiring Malay politicians in all States. Having made the choice to be in UMNO they still have to play the game according to, at least, the formal rules that shape the relations of power within the party. These rules are heavily weighted in favour of the Centre and, consequently, UMNO developed into a formally highly-centralised and tightly-knit party organisation.

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159. Gullick, J., Malaysia: Economic Expansion and National Unity, London, Ernest Benn, 1981, p. 126.



## Chapter 10

### Pahang: The Endau-Rompin Case and Centre-State Relations

The dominant pattern of Centre-State relations in Peninsula Malaysia is one between an UMNO-dominated Centre and UMNO-dominated States. This does not, however, preclude conflict between the Central and State Governments. The Endau-Rompin (ER) controversy was just such a case of Centre-State conflict between the UMNO-dominated Central and Pahang State Governments. The party became the arena within which the conflicting interests of Centre and State were handled.

The ER controversy was one of the rare cases, perhaps the only one, of conflict between the UMNO-dominated Central and State Governments which was debated, sometimes heatedly, under public gaze. Before this, Centre-State conflict of similar intensity and conducted also under public gaze had involved only the UMNO-dominated Centre and the PAS State Government of Kelantan. The relative 'rarity' of such public exhibitions of Centre-State conflict was partly due to UMNO dominance at the Centre and in most States. Such conflict would have been part and parcel of intra-UMNO politics which is, to use Sartori's term, invisible. The ER controversy for once made such conflict visible. It provides an exception and a convenient case study. In short, visibility helps in the examination of Centre-State relations.

#### The Endau-Rompin Case

Under the Central Government's Third Malaysia Plan (TMP) provisions were made to convert several natural forest reserves into National Parks. Endau-Rompin was one of these natural forest reserves area scheduled as part of the National Park Plan.<sup>1</sup> The proposed National Park comprised 500,000 acres and included, as 'core' areas, 90,000 acres in Pahang and 120,000 acres in Johore. In the second year of the TMP it was revealed that the Pahang State Government had already leased 30,000 acres of the 'core' area in Pahang to a favoured few.<sup>2</sup> 7,000 of the 30,000 acres were then being logged by four of the six companies already granted logging concessions.

The environmentalists initiated a campaign against logging in ER, an area that they believed the Pahang State Government had in 1972 undertaken never to log.<sup>3</sup> Their campaign, effectively presented at

1. Federation of Malaysia, Third Malaysia Plan, 1976-1980, Kuala Lumpur, Government Press, 1976, p.225, Table 11-3.

2. The Star, 28.7.77.

3. New Straits Times (NST), 7.5.77. The environmentalists were encouraged by the Central Government. Interview with a former Cabinet Minister, 1.12.80. Subsequently referred to as "A".

public forums which were regularly reported in the press, in newspaper advertisements and on bumper stickers, received widespread public support. They appealed to both State and Central Governments to take the necessary steps to stop what they called the 'rape' of ER.

The State Government defended its actions by arguing that it needed the revenue and declaring that human welfare was more important than animal welfare. In the words of the then Pahang State Secretary, Datuk Wan Sidek Wan Abdul Rahman<sup>4</sup>,

"When it comes to choosing between human welfare and animal survival, the State has to opt for the former.... The Pahang State Government does not object to the setting up of a National Park, but only after the State has fully exploited its economic potential".

Amidst continuing public protest, the Deputy Director-General of the Ministry of Science, Technology and Environment, Mr. S.T. Sundram, exclaimed that

"We are persuading the Pahang State Government to reconsider its stand and we are not without hope that wiser counsel will prevail".<sup>5</sup>

Pahang obtains a substantial proportion of its revenue from land in the form of forest revenue.<sup>6</sup> Table 1 illustrates this. Land is a State subject.<sup>7</sup> Naturally, Pahang viewed logging in ER as its own affair and in its own interest. Datuk Wan Sidek saw the conflicting State and Central Government interests in this way.<sup>8</sup> He stated that it was well and good for the Central Government to plan for a National Park by bringing in an area that belonged to a State and including it in the TMP, but only the State Government had the jurisdiction and power to gazette an area or areas in the State before logging could be stopped. Before gazetting the State was within its powers to exploit timber resources in the designated area or areas in the State. The MB, Datuk Mohammad Jusoh, reiterated that logging in the 30,000 acres of the proposed ER National Park was perfectly legal and indeed agreed to by planners, including ecologists, of the proposed park.<sup>9</sup> He emphasized

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4. NST, 12.5.77.

5. ibid., 20.6.77.

6. To comply with the Central Government's National Forest policy would mean a reduction in the percentage contribution of forest revenue to total State revenue. This would consequently increase the dependence of the State on Central Government grants and allocations. The State Government expected to earn about M\$7 million from logging in the ER area. See NST, 5.9.77. This expected revenue was later estimated at around M\$3 million. See NST, 15.8.78.

7. Ninth Schedule, List 11 - State List, No. 2 and 3, of the Federal Constitution.

8. Interview with Datuk Wan Sidek, 20.8.80.

9. NST, 22.7.77.

Table 1: Pahang : Revenue from Forests Compared to and as a Percentage of Total Tax Revenue and Total Revenue (1957-1975).

<u>Year</u>	<u>Revenue from Forests</u>			<u>Total Tax Revenue</u>		<u>Total Revenue</u>
	<u>Total in</u> \$ Million	<u>as % of</u> Total Tax R.	<u>as % of</u> Total R.	<u>\$ Million</u>	<u>as % of</u> Total R.	
1957	2.4	39.3	12.4	6.1	31.6	19.3
1958	2.6	42.6	20.8	6.1	48.8	12.5
1959	2.4	36.9	17.0	6.5	46.1	14.1
1960	3.5	44.9	20.7	7.8	46.2	16.9
1961	4.0	47.1	19.8	8.5	42.1	20.2
1962	5.0	50.0	22.6	10.0	45.2	22.1
1963	5.6	54.4	27.7	10.3	51.0	20.2
1964	6.4	57.0	30.4	12.1	53.3	22.7
1965	8.7	61.7	30.0	14.1	50.4	28.0
1966	11.9	75.0	36.0	18.4	55.6	33.1
1967	13.8	71.1	39.2	19.4	55.1	35.2
1968	19.8	78.3	46.3	25.3	59.1	42.8
1969	22.4	82.1	46.9	27.3	57.1	47.8
1970	28.6	84.1	51.9	34.0	61.7	55.1
1971	29.3	84.7	53.5	34.6	63.1	54.8
1972	35.1	86.1	57.2	40.6	66.1	61.4
1973	29.6	81.5	47.3	36.3	58.0	62.6
1974	33.2	83.0	50.2	40.0	60.5	66.1
1975	33.8	82.6	45.0	40.9	54.5	75.1

Source: Pahang, State Financial Statements, 1957-1975.

Note: (R.) Revenue.

that

"The [State] Government has no wish to abandon the park but its development should be suitable to the present needs of the government".<sup>10</sup>

It was an assertive stand on what the State viewed as its interests.

The ER controversy was raised during a Parliamentary debate. The Minister of Science, Technology and Environment, Tan Sri Ong Kee Hui, explained that the Pahang Government had agreed to the park being set up but this decision had been set aside and the Central Government could not do anything.<sup>11</sup> In response to this, an UMNO MP, Mohamed Sophe Sheikh Ibrahim (Kepala Batas-Perak), argued that because the Pahang State Government had reneged on its earlier agreement the Central Government should now take tougher measures, including the use of sanctions and the withholding of financial grants, against the State Government.<sup>12</sup> The Minister replied that the Cabinet would consider this suggestion.<sup>13</sup>

In early August, 1977, the Minister of Science, Technology and Environment indicated that his Ministry had been making representations to the Pahang Government.<sup>14</sup> However, the State Government had decided to continue logging in the core area of the park. The Minister also reaffirmed his Ministry's stand against logging in the ER area while noting also that only the State Government could stop the logging operations. He promised, however, that his Ministry was taking steps to ensure that future agreements between the State and Central Governments on national parks and conservation areas would be adhered to by the parties concerned even though those areas had not been gazetted.<sup>15</sup>

Despite continued public protest and Central Government concern, the Pahang State Government planned to increase logging in the ER area. It was reported that more logging licenses were to be issued.<sup>16</sup> The Minister of Science, Technology and Environment could only appeal to the State Government to reconsider its decision to issue more logging licenses.<sup>17</sup> A newspaper editorial wrote:

"There is something disturbing in the progression: whichever way it is viewed what predominates is Pahang's disregard for public opinion, more pointedly the Federal Government's views. It arguably raises the spectre of State Governments retreating into

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10. *ibid.*

11. *ibid.*, 20.7.77.

12. *ibid.*

13. *ibid.*

14. *ibid.*, 10.8.77.

15. *ibid.*

16. *ibid.*, 25.8.77.

17. *ibid.*, 26.8.77. Datuk Wan Abdul Aziz Ungku Hj. Abdullah, MB of Pahang from 1959 to 1964 and then the Chairman of the Malayan Nature Society, Pahang Branch, voiced his disapproval of the State Government's actions.

parochialism when the national purpose should have been served. Endau Rompin has become very nearly a test case of Centre-State understanding that ought to characterize planning ... Are we to suppose that the controversy had introduced a combative element in the making of policy?".<sup>18</sup>

The damage that this uncontrolled logging was doing to forest resources and, more importantly, to the Central Government's National Forest Policy could not be ignored. At the opening of the National Forestry Council Meeting in August, 1977, Dr. Mahathir, then Deputy PM, warned the MBs and CMs that uncontrolled exploitation of forests, if continued, would deplete the nation's timber resources and this would consequently affect the nation's economic growth.<sup>19</sup> This warning failed to convince the Pahang State Government and yet more logging licences were to be issued for the ER area.<sup>20</sup> As part of the continuing pressure, so far ineffective, being applied on the Pahang State Government, Datuk Musa Hitam, Minister for Primary Industries, imposed on September 30, 1977 a ban on the export of logs from the ER area.<sup>21</sup>

The continuing defiance of the Pahang State Government was raised again in Parliament on October 24, 1977. An UMNO MP, Datuk Hj. Shafie Abdullah, asked whether the logging activities in ER were contrary to the policy and objective of the TMP.<sup>22</sup> The Minister of Science, Environment and Technology conceded that it was.<sup>23</sup> He further argued, however, that the TMP did not indicate which particular area could be logged nor did it provide details on the inclusion of ER as one of the areas to be declared a national park. It was, he continued, during the planning of the TMP that a report proposed the declaration of the ER as a national park. This report also indicated that logging was permissible only on the fringes of the area. The Pahang State Government, however, had allowed logging in the core area. In the Minister's words,

"apa yang berlaku sekarang ini ialah pembalakan yang sedang berjalan ialah di pertengahan kawasan yang ditetapkan oleh lapuran tersebut dan lapuran ini adalah dibuat oleh satu Jawatankuasa yang mengandungi juga wakil-wakil daripada kedua-dua buah negeri [Pahang dan Johore] yang terlibat".<sup>24</sup>

[Translation:

"what is happening is that logging is being carried out in the

18. ibid., 29.8.77.

19. ibid., 30.8.77. During the discussion at the National Forestry Council of the proposed national forestry policy the Pahang MB assured the Council that the State Government would study the report concerning ER that had been submitted by the Minister of Science, Technology and Environment. See ibid., 5.9.77.

20. ibid., 5.9.77.

21. ibid., 30.9.77.

22. Malaysian Parliamentary Debate (MPD), Dewan Rakyat (DR), Vol. 111, No.26, 24.10.77, col. 2891.

23. ibid..

24. ibid., col. 2892.

core area contrary to the report which was prepared by a Committee which included representatives of the two states [Pahang and Johore] that are involved".]

Another MP, Mahamad Sopiee Sheikh Ibrahim, urged the Central Government to use its financial muscle to compel State obedience to Central policy.<sup>25</sup> The Minister informed the House that the Central Government could not withdraw financial allocations from Pahang because of the ER issue. He stressed that the time had not come for it to use its power over this.<sup>26</sup> Furthermore, the Pahang State Government had already informed the National Forestry Council that it would not issue any new logging licences for the ER area.<sup>27</sup>

In an apparent reply to the Minister's statement in Parliament, the MB announced that logging in the ER area would continue for to do otherwise would be wasteful.<sup>28</sup> He explained that controlled mining and logging were not expressly prohibited by the report prepared by the sub-committee responsible for studying the proposed park plan. The statement explained:

"[The] sub-committee, made up of representatives from the Pahang and Johore Governments, and the Forest and Game Departments, and chaired by an official from the Economic Planning Unit in the Prime Minister's Department agreed that consideration should be given towards exploitation of the area's natural resources".<sup>29</sup>

He stated that Pahang was acting well within its rights and, significantly, pointed out that it had already contributed 30% of the total land reserves in the country.<sup>30</sup> Pahang, the MB emphasised, could no longer afford the luxury of reserving large tracts of land for only one specific use, only as a national park.<sup>31</sup>

During the dispute the Central Government was urged to go beyond persuasion by invoking either Article 83 or 94 of the Federal Constitution to compel State obedience to the Centre's forest conservation policy.<sup>32</sup> Such urgings fell on deaf ears. The feeling of disappointment among the environmentalists was well expressed by the Selangor Graduates Society's statement on March 6, 1978 that

"despite public protest and petition, the Federal and State Governments had taken no positive action to stop logging in Endau-Rompin".<sup>33</sup>

25. *ibid.*, col. 2895.

26. *ibid.*, cols. 2895-96.

27. *ibid.*, col. 2896.

28. *NST*, 4.11.77.

29. *ibid.*

30. *ibid.*

31. *ibid.*, 8.11.77.

32. See *The Star*, 29.7.77 and *NST*, 23.9.77. Article 83 concerns the acquisition of land for Federal purposes and Article 94 concerns Federal powers with respect to State subjects.

33. *The Star*, 6.3.78.

Perhaps in appreciation of public and, most importantly, Central Government displeasure, the Pahang State Government gave a firm assurance on March 20, 1978 that logging would be stopped in the ER area after August, 1978.<sup>34</sup> After the 1978 State elections the new MB of Pahang, Abdul Rahim Abu Bakar, reaffirmed this commitment. He stated:

"The previous State Government had given its word that logging in the area will stop at the end of last month [August]. I will see to it that it will stop".<sup>35</sup>

#### The Endau-Rompin Case, State Politics and Centre-State relations

The ER case represented a clash of interests and priorities between the Centre and State. The Centre's interest was, inter alia, in forest conservation. The State's interest was in generating as much revenue as possible from a resource, land, which is under its jurisdiction. The Central Government was not without some constitutional powers in the field of forest conservation.<sup>36</sup> In the event, it did not invoke these powers.

The Central Government's interest in forest conservation had been signalled as early as in 1971. The National Land Council's meeting of December 20, 1971 approved the establishment of a National Forestry Council.<sup>37</sup> Within this Council a National Forestry Policy would have to be formulated by both Central and State Governments' representatives. The ER area was planned and agreed to by the Central and the Pahang and Johore State Governments as part of a National Park Plan. Pahang, however, asserted that logging in this area was well within the terms of the agreement. The Central Government disagreed and bluntly stated that logging in the core area was contrary to the agreement. The Pahang Government's firm stand, shortlived as it turned out, on the issue was very much influenced by State politics. Apart from generating revenue for the state, vested interests within Pahang urged the continuation of logging in ER even if this was deemed as contrary to Central Government policy. For Pahang - as in Trengganu and Kelantan, both States which

34. NST, 21.3.78. August 1978 was the expiry date of the last licence issued.

35. ibid., 2.9.78. The MB, on taking office in July, 1978 froze all timber concessions for three months. Interview with the MB, Abdul Rahim Abu Bakar, 22.10.80. After the three months were up, he refused to allow logging and a tender system was introduced to undercut political corruption.

36. Articles 91.5 and 92.3 of the Federal Constitution.

37. National Land Council Paper No. 49/1971. See Federation of Malaysia, Resolusi-Resolusi Majlis Tanah Negara, 1958-1978 (National Land Council Resolutions, 1958-1978) Kuala Lumpur, Percetakan Kerajaan, 1980, p.125.

derived most of their revenue from timber royalties - timber and logging concessions have traditionally been the basis of political partonage.<sup>38</sup> The Pahang Royal Family was among those enmeshed in this web of the "politics of timber" or "politik balak".<sup>39</sup> It was alleged that the Royal Family supported a syndicate involved in logging activities within the ER area.<sup>40</sup> When environmentalists first raised the issue of logging in ER as being against the Central Government's National Park Plan, the MB of Pahang was caught between those holding logging concessions in the ER, including State UMNO politicians and the Royal Family, and the Central Government which was against such logging.

The Central Government at first appeared reluctant to intervene effectively and risk a confrontation with the Royal Family.<sup>41</sup> The Pahang State Government's challenge to the Central Government's policy had to be overcome successfully lest other UMNO-dominated State Governments were encouraged by such acts of defiance.

The Central Government leaders resorted to the use of the internal mechanism of UMNO to overcome the intransigence of the Pahang State Government under its MB, Mohamad Jusoh. His assertiveness in stating the State's case over ER had not endeared him to the Central leaders. They had gradually lost confidence in him and increasingly viewed him as a captive of the Royal Family.<sup>42</sup> Not coincidentally, the Central Government under the Prime Ministership of Hato Hussein Onn had been hardening its attitude over the Sultan's greed and corruption in State land deals. On this a Central Minister commented:

"It has got to stop. They are ruining the country. We cannot afford it ... It has all got out of hand. In some cases the Sultan has run up large gambling debts abroad and has come home, issued a few more timber licences to help pay them off and provide more pocket money to continue his pleasures".<sup>43</sup>

The MB of Pahang was seen as incapable of stopping timber concessions being granted to the Sultan<sup>44</sup> and other State UMNO leaders. The

38. Far Eastern Economic Review (FEER), 30.11.79. p.54.

39. As referred to by a former MB. Interview with a former MB of Pahang, 16.10.80.

40. Business Times, 12.11.77. According to one source this syndicate comprised several State UMNO politicians.

41. ibid.

42. Interviews with "A" and another former Cabinet Minister (referred to subsequently as "B"), 2.12.80.

43. Quoted in The Guardian, 30.12.78.

44. The Sultan needed the timber concessions to support his extravagant lifestyle. These concessions could be easily converted into cash by selling them to a group or syndicate. This group or syndicate could then log the areas covered by the concessions. One of these concessions was in the ER area and had been similarly sold to a syndicate and logging was begun by this syndicate. Interview with "A".



manner in which such concessions were distributed had also caused much infighting and dissatisfaction among UMNO State politicians.<sup>45</sup> The Sultan's easy access to State land depended on his 'happy' relationship with the MB and the State Executive Council (Exco). It seemed to the Central Government that the MB's prior loyalty to the Centre was suspect. The key question then was this; how could the prior allegiance of the MB to the Centre be ensured? If the MB owed allegiance first to the Centre then it would be more likely that he would deny the Sultan land rights for his pleasure. A change of MB and in the State UMNO leadership was seen as the way to achieve this aim. The change must be such that it completely destroyed the existing patronage system.

The MB's links with the Centre had already been weakened following the death of Tun Abdul Razak, the former PM.<sup>46</sup> His political strength within the State had also been similarly reduced because this had also depended on his close association with Tun Razak. In this situation Dato Seri Hamzah Abu Samah, Cabinet Minister and Pahang SLC Chairman, made clear the Centre's wishes by stating in early 1978 that a new MB was being sought.<sup>47</sup> Not surprisingly, the Sultan expressed surprise and disappointment in this. Declaring his support for the embattled MB, he stated that

"As far as I am concerned the Mentri Besar Datuk Seri Mohammad bin Jusoh is doing well. He has guided the State through the slump of 1975 to the present sound economic position".<sup>48</sup>

He warned that

"I will do my utmost best to prevent the existent of friction among my people".<sup>49</sup>

In short, the Sultan argued that there was no reason for replacing the MB and threatened his personal intervention. In response to the Centre's desire but secure in the Sultan's support, the MB declared his willingness to continue.<sup>50</sup> The MB, however, was eventually

45. An example of such dissatisfaction was expressed during a debate in the State Legislative Assembly in December, 1976 significantly just before the public scrutiny of logging in ER. In this debate, an UMNO Assemblyman, Muhammad bin Hj. Abdul Ghani (Chini), alleged that there was favouritism in the issuing of logging concessions in the State. He remarked that "It is difficult for the ordinary man to get a concession as this seems to be reserved only for the favoured ones." See NST, 16.12.76.

46. Tun Abdul Razak was the unchallenged political overlord in Pahang. Most interviewees in Pahang referred to him as the 'godfather'. Mohammad Jusoh was a relative of Tun Razak. He was chosen by Tun Razak as MB of Pahang in 1974.

47. Watan, 12.1.78, and 2.1.78.

48. NST, 19.1.78.

49. ibid.

50. Watan, 24.1.78.

'persuaded' by UMNO's Central leaders to retire after the end of his term of office.<sup>51</sup> When this became public knowledge the focus of the political battle shifted to that of choosing the new MB.

The first phase of this battle was control of the party apparatus - the SLC and the Divisions - within the State in preparation for the next State election. Attention was accordingly focused on the elections that were due to be held for posts in UMNO Divisions in May, 1978. There were and still are eight UMNO Divisions in Pahang (See Table 2). The Lipis, Jerantut, Kuantan and Temerloh Divisions were headed by either Cabinet or Deputy Ministers, the Maran and Betong Divisions by State Exco members, the Pekan Division by the MB and the Raub Division by someone who held neither a State nor Central post. At the Divisional elections the Cabinet or Deputy Ministers were elected unopposed to head the Lipis, Jerantut, Kuantan and Temerloh Divisions. The State Exco Head of the Maran Division was voted out and replaced by an MP. The Heads of Bentong and Pekan Divisions were re-elected. The Head of Raub Division was voted out and replaced by a State Assemblyman.

The competition for Divisional posts was especially keen in Pekan and Temerloh: in Pekan because the MB was publicly known to have agreed to step down as MB; in Temerloh because it was Hamzah Abu Samah's political base and if he could be voted out as Head of Temerloh Division he would have less claim to retain the post of Pahang UMNO SLC Chairman.<sup>52</sup>

In Pekan, the Sultan's younger brother, Tengku Arif Bendahara (TAB), was encouraged to challenge the MB for the post of Pekan Division head.<sup>53</sup> Tengku Razaleigh, one of the UMNO Vice-President and Finance Minister, advised TAB not participate in politics actively.<sup>54</sup> TAB, in agreeing to withdraw despite substantial support, had in fact accepted UMNO's Central leadership advice.<sup>55</sup> After the withdrawal of three

51. Interview with "A".

52. Many in Pahang believed that the post of SLC Chairman is crucial in the process of selecting a MB.

53. TAB was then also the President of the Pan-Malayan Bumiputra Timber Association. He was supported by about 10 Pekan Divisional Committee members, several UMNO branches and a State Exco member, Wan Abdul Rahman Wan Ibrahim. See *Watan*, 18.1.78 and 9.2.78.

54. *Watan*, 16.4.78. TAB's supporters resented Tengku Razaleigh's, a Kelantanese, interference in Pahang politics. See *Watan*, 17.4.78 and 19.4.78. Even Ghazali Shafie, a Cabinet Minister and Head of Lipis UMNO Division, considered this an affront. See *Watan*, 1.5.78. Tengku Razaleigh's intervention, according to one source, had the backing of the Central UMNO leaders comprising the SEC's 'inner' circle. Interview with a former MB of Pahang, 16.10.80.

55. *Watan*, 27.5.78.

Table 2: UMNO Divisions in Pahang: Division Heads and Deputy Heads; their Government and Party Posts, their Central (Parliamentary) or State (State Legislative Assembly) Representative Posts - Before and After the 1978 Party Election and General Election (Federal and State).

Divisions:	Posts		Before 1978		Names	MP or State Assemblymen	After 1978		MP or State Assemblymen
			Government Posts	Party Posts			Government Posts	Party Posts	
<u>Lipis</u>	1. Head	Tan Sri Mohd. Ghazali Shafie	Cabinet Minister	SEC Member SLC Member	(same)	MP Dewan Rakyat	(same)	(same)	(same)
	2. Deputy	Senator Datuk Hj. Abd. Razak Hj. Hussein	-	-	(same)	MP Senate	(same)	(same)	(same)
<u>Jerantut</u>	1. Head	Datuk Shariff Ahmad	Cabinet Minister	SEC Member SLC Member	(same)	MP Dewan Rakyat	(same)	(same)	(same)
	2. Deputy	Harun Jaafar	-	-	(same)	State Assembly	(same)	(same)	(same)
<u>Kuantan</u>	1. Head	Mohd. Ali Mohd. Shariff	Deputy Minister	SLC Member	(same)	MP Dewan Rakyat	(same)	(same)	(same)
	2. Deputy	Hj. Ismail Siabit	-	-	(same)	State Assembly	(same)	(same)	(same)
<u>Raub</u>	1. Head	Hj. Yeop Sendiri Hj. Hussein	-	SLC Member	Tengku Mustapha Tengku Seti	-	-	SLC Member	No longer State Assemblyman
	2. Deputy	Abdullah Abd. Majid (1)	-	-	Hj. Abd. Rahman Datuk Yeop Sendiri	-	-	-	Speaker State Legislative Assembly
<u>Maran</u>	1. Head	Tok Muda Hj. Sulong Awang Hitam	State Exco Member	SLC Member	Hishamuddin Hj. Yahya	State Assembly	-	SLC Member	MP Dewan Rakyat
	2. Deputy	Datuk Abd. Aziz Hussein	-	-	Hj. Nasir Mat Piah	-	State Exco Member (from mid-1980)	-	State Assembly
<u>Bentong</u>	1. Head	Abd. Malik Mohd.	State Exco Member	SLC Secretary	(same)	State Assembly	State Exco Mem. mid-1980	(same)	(same)
	2. Deputy	Jaafar Hj. Mohd. Nor	-	-	(same)	-	(same)	(same)	(same)
<u>Pekan</u>	1. Head	Datuk Mohd. Jusoh	Mentri Besar	SLC Deputy Chairman SEC Member*	(same)	State Assembly	No longer Mentri Besar	No longer SEC Mem. or SLC Deputy Chairman	No longer State Assemblyman
	2. Deputy	Datuk Hj. Ibrahim Arshad	-	SLC Member	Datuk Khalid Yaakob	-	-	-	State Assemblyman
<u>Temerloh</u>	1. Head	Datuk Seni Hj. Hamzah Datuk Hj. Abu Samah	Cabinet Minister	SLC Chairman SEC Member	(same)	MP Dewan Rakyat	(same)	(same)	(same)
	2. Deputy	Annuar Hj. Mohd. Seh	-	SLC Member	Tok Muda Hj. Awang Nghah	State Assembly	-	SLC Member	State Assemblyman

Source: UMNO, Penyata Tahunan, 1976-1978 and information from the Office of the Pahang State Legislative Assembly.

Note: (1) In detention; \* Appointed by UMNO President; SEC - Supreme Executive Council; SLC - State Liaison Committee.

other contenders, only the Deputy Head of Pekan Division, Datuk Ibranhim Arshad, remained to challenge the MB. The MB won by 116 to 102 votes.<sup>56</sup>

In Temerloh, Datuk Seri Hamzah Abu Samah also faced the possibility of keen competition. He believed that certain groups within Pahang UMNO were actively campaigning against him hoping that if he were not re-elected as Division head he would lose his post as Chairman of Pahang UMNO SLC.<sup>57</sup> He was in no doubt that

"certain groups from Pekan and Temerloh ... are trying to topple me in my post".<sup>58</sup>

Several State UMNO politicians had declared their opposition to Hamzah.<sup>59</sup> They held him responsible, as Chairman of Pahang SLC, for ignoring veteran UMNO Pahang members in the nomination of candidates for the 1974 State elections.<sup>60</sup> These politicians had been involved in UMNO since the struggle for Independence and they resented being ignored and replaced by those who, they alleged, at one stage opposed UMNO.<sup>61</sup> They stated that

"Jika tidak kerana kesilapan itu Datuk Seri Hamzah boleh mengambil tempat Allhyarham Tun Abdul Razak sebagai pemimpin yang dihormati dan disanjung tinggi di Pahang".<sup>62</sup>

[Translation:

"If it was not for this mistake Datuk Seri Hamzah could have taken the place of the late Tun Abdul Razak as a respected and honoured leader in Pahang".]

56. ibid., 30.5.78.

57. ibid., 14.3. 78.

58. NST, 14.3.78. He was also MP for Temerloh. While there was no doubt as to his support from UMNO's Central Leadership, his failure to retain the Division's Head post would seriously undermine his claim of leadership not only of Temerloh but also of Pahang itself.

59. Watan, 15.3.78.

60. ibid.. This was a reasonable allegation. Out of the 16 UMNO State Assemblymen in the 24 seats State Legislative Assembly before the 1974 State election five were renominated and eleven were not. Of the eleven five had been State Assemblymen since State elections were first held in 1955, three since 1964 and the other three since 1969. Included in the group of 1955 was Tan Sri Yahya Mohamad Seh, a MB from 1964 to 1972. Information obtained from the Office of the State Legislative Assembly of Pahang. The number of seats in the Assembly was increased to thirty-two for the 1974 elections and UMNO were allocated twenty-three. Thus, for the 1974 election, apart from the five that were renominated, eighteen new candidates were nominated. Information obtained from the Office of the State Legislative Assembly of Pahang. The 1974 nomination reflected not so much the partiality of Datuk Hamzah but the preferences of Tun Razak, the PM and Pahang strongman. Interview with a former MB, 16.10.80. He was among those not renominated in 1974.

61. Watan, 15.3.78.

62. ibid..

They succeeded in persuading Tan Sri Yahya Mohamad Seh, a former MB, to challenge Datuk Seri Hamzah for the Temerloh Division head post.<sup>63</sup> At the last moment Tan Sri Yahya was persuaded to withdraw and Hamzah was elected unopposed.<sup>64</sup>

The next phase in the competition was the nomination of candidates for the 1978 State elections. In this the Divisions usually submit their list of candidates but the Centre (that is the UMNO President) nominates. The President of UMNO usually seeks the advice of the SLC Chairman. Hamzah was thus well-placed to influence the nomination of candidates for the Pahang State elections. This he used to good effect.<sup>65</sup> Of the 23 UMNO Assemblymen ten, including the MB, were not renominated. (See Table 3). They were, in the main, considered as "troublemakers".<sup>66</sup> UMNO was allocated 24 seats in the 1978 elections

63. ibid., 20.3.78 and 7.4.78. Tan Sri Yahya Mohamad Seh was made to resign as MB and as Chairman of Pahang SLC in 1972 by Tun Razak. A new MB, Datuk Hj. Abdul Aziz Hj. Ahmad, was appointed. Tun Razak also appointed Datuk Seri Hamzah as Chairman of Pahang SLC in 1972. With Razak's death in 1976 Hamzah lost his political patron who was the PM, UMNO President and the acknowledged political master of Pahang.
64. Watan, 15.5.78.
65. Interviews with a former MB of Pahang (16.10.80), "A", "B" and another former Cabinet Minister (subsequently referred to as "C"), 29.9.80.
66. Interview with a former MB of Pahang, 16.10.80. All the three sitting State Assemblymen from the Lipis Division - representing Jelai, Bukit Betong and Benta - were not renominated. Of the three, the Jelai Assemblymen, State Exco member Wan Abdul Rahman Wan Ibrahim, had publicly supported TAB against the MB. See Watan, 9.2.78. The Division was and still is headed by Cabinet Minister, Tan Sri Ghazali Shafie. In the party elections before the 1978 elections, Wan Abdul Rahman lost his party post of Vice-Head of Lipis Division, the Assemblyman for Bukit Betong, Ramli Abdul Ghani, lost his party post of Division Secretary and was elected only a Division Committee member, and the Assemblyman for Benta was re-elected as a Division Committee member. Wan Abdul Rahman stood as an Independent in the 1978 State elections and was subsequently expelled from UMNO by the SEC on the advice of Datuk Seri Hamzah as SLC Chairman. See NST, 6.5.79. Two sitting Assemblymen from the Temerloh Division - Annuar Mohamad Seh and Mansor Silong - were not renominated. These two were prominent in the challenge against Datuk Seri Hamzah in the Temerloh Divisional elections. In the party elections, Annuar Mohamad Seh (a brother of former MB, Yahya Mohamad Seh) lost his party post of Deputy Head of Temerloh Division to the Speaker of the Assembly, Tok Muda Hj. Awang Ngah, and Mansor Silong lost the Vice-Head Division post to Idris Long (the political secretary to Datuk Seri Hamzah) and was elected as a Division committee member. Idris Long was nominated for the Mentakab State seat. See Watan, 8.5.78 and 15.5.78. One sitting Assemblyman from the Jerantut Division - Dato Mohamad Khairuddin Mohamad Kawi representing Jenderak - was not renominated. He had already lost his party post of Deputy Head of the Division in 1976 and by 1978 did not hold any party

Table 3: Pahang UMNO State Assemblymen (1974-1978): their Government Posts and Party Posts before and after the 1978 Party Elections and nominations for the 1978 State Elections.

UMNO Divisions	State Electoral Constituencies	Names	Party Posts		Government Posts	Nomination for 1978 State Elections
			Before 1978 Elections	After 1978 Elections		
<u>Lipis</u>	1. Jelai	Wan Abd. Rahman Wan Ibrahim (1969)	Lipis Div. Vice-Head	Lost Party Post	State Exco Member	Unrenominated
	2. Bukit Betong	Ramli Abd. Ghani (1974)	Lipis Div. Secretary	Lost Div. Secretary; elected Div. Committee Member	-	Unrenominated
	3. Benta	Zakaria Mohd. Taha (1974)	Lipis Div. Committee Mem.	same	-	Unrenominated
<u>Jerantut</u>	4. Tahan	Harun Jaafar (1974)	Jerantut Div. Deputy Head	same	-	Renominated
	5. Tembeling	Abd. Rahman Bilal Akil (1974)	Jerantut Div. Committee Mem.	Jerantut Div. Vice-Head	-	Renominated
	6. Jenderak	Dato' Mohd. Kawi (1955)	-	-	-	Unrenominated
	7. Kerdau	Mohd. Sallehudin Omar (1974)	Jerantut Div. Committee Mem.	-	-	Renominated
<u>Kuantan</u>	8. Beserah	Hj. Ismail Siabit (1974)	Kuantan Div. Deputy Head	same	-	Unrenominated
	9. Sungai Lembing	Wan Abdullah Wan Osman (1974)	Kuantan Div. Vice-Head	same	-	Renominated
<u>Raub</u>	10. Batu Talam	Dato Abd. Rahman Ismail (1974)	SLC Treasurer Raub Div. Vice Head	Lost all party posts	Deputy Mentri Besar	Unrenominated
	11. Dong	Tengku Mustapha Tengku Seti (1969)	Raub Div. Committee Mem.	-	-	Renominated
<u>Maran</u>	12. Paya Besar	Abd. Rashid Abd. Rahman (1974)	Maran Div. Youth Leader; SLC Mem.	same	-	Renominated
	13. Banda Maran	Tok Muda Hj. Sulong Awang Hitam (1974)	Maran Div. Head SLC Mem.	Lost Div. Head elected Div. Committee Mem.	State Exco Member	Unrenominated
	14. Jengka	Puan Hajjah Sariah Kamiso (1974)	Maran Div. Vice Head	Lost Vice-Head elected Div. Committee Mem.	-	Renominated
	15. Chenor	Hj. Mahmud Hj. Mat Taib (1974)	Maran Div. Comm. Mem; SLC Information Officer	-	-	Renominated
<u>Bentong</u>	16. Semantan	Abd. Malek Mohd. (1974)	Division Head SLC Secretary	same	State Exco Member	Renominated
<u>Pekan</u>	17. Kuala Pahang	Dato' Sri Mohd. Jusoh (1959)	Pekan Div. Head; SLC Deputy Chairman	Div. Head; Lost SLC Deputy Chairman	Mentri Besar	Unrenominated
	18. Chini	Mohd. Hj. Abdul Ghani (1974)	Pekan Div. Vice Head	Div. Vice Head Div. Information Officer	-	Renominated
	19. Banda Pekan	Samsiah Dato' Abd. Hamid (1974)	Pekan Div. Vice. Head; SLC Mem.	same	-	Renominated
	20. Rompin	Abd. Latiff Kantan (1974)	Pekan Div. Secretary	same	-	Renominated
<u>Temerloh</u>	21. Mentakab	Anwar Hj. Mohd. Seh. (1974)	Temerloh Div. Deputy Head; SLC Mem.	Lost all Posts	-	Unrenominated
	22. Bandar Temerloh	Tok Muda Hj. Awang Ngah Tok Muda Hj. Ibrahim (1955)	-	Temerloh Div. Deputy Head; SLC Head	Speaker State Legislative Assembly	Renominated
	23. Bera	Mansor Silong (1974)	Temerloh Div. Vice-Head	Lost Vice-Head post; elected Div Committee Mem.	-	Unrenominated

Source: UMNO: Penyata Tahunan, 1976-1978, and Information from Office of the Pahang State Legislative Assembly.

Note: Year in brackets indicates when first elected.

and of these eleven were new nominations.<sup>67</sup> (see Table 4). All the UNNO candidates were elected.

The competition for the MB's post began almost immediately after the elections. With the MB not renominated, there appeared to be no acknowledged leader among the new State Assemblymen. The competition was directed at influencing the Central UMNO leaders and especially the President of UMNO who, according to established practice, appoints the MB. Datuk Seri Hamzah's position as Pahang SLC Chairman was especially crucial in this competition because he provided the link between the State and the Centre. Thus he was in a position to influence the outcome of the competition.

The Pahang Constitution provided that the Ruler, in his discretion, appoints the MB from among whom that he

"considers commands the confidence of the Majority of the State Legislative Assembly members to head the Executive Council".<sup>68</sup>

The Sultan of Pahang, thus, claimed that only

"I can appoint the Mentri Besar".<sup>69</sup>

In exercising this power the Sultan said that he would naturally consult the PM and the Chairman of the Pahang UMNO SLC over the appointment of the MB.<sup>70</sup> It was, however, established practice that the PM as UMNO President effectively appoints the MB. According to a former PM, Tengku Abdul Rahman, the Ruler was never consulted over the appointment of his

66. (Cont.) post. the Assemblyman from Kuantan Division, Ismail Siabit representing Beserah, was not renominated despite being re-elected as Deputy Head of the Division. Abdul Rahim Bakar, eventually to become the MB, was nominated to replace Ismail Siabit. The Assemblyman from Raub Division, Datuk Abdul Rahman Ismail representing Batu Talam, was not renominated. As the Deputy MB he was considered to be too closely linked with Mohamad Jusuoh's administration. He was also visibly in poor health and in the party elections lost all his party posts. The State Assemblyman for Bandar Maran in Maran Division, Tok Muda H. Sulong Awang, was not re-elected as Division Head and elected only as a Division Committee member. He was not renominated. The MB, Assemblyman for Kuala Pahang in Pekan Division, despite being re-elected as Division Head was not renominated. He just had to go. Interview with a former MB of Pahang, 16.10.80.

67. The Central UMNO leaders believed that those nominated could be trusted. They also believed that young politicians with the necessary academic and professional qualifications should also be given the chance in State politics. This was to improve the efficiency of the State administration. Interviews with a former MB of Pahang (16.10.80) and "B".

68. Art. 4, Section 2(a) of the Pahang State Constitution. This is also provided by the 8th Schedule, Part 1, Sec. 2(a) of the Federal constitution.

69. NST, 19.7.78.

70. ibid.

Table 4: Pahang UMNO State Assemblymen after the 1978 State Elections; their Government and Party Posts before and after the 1978 Party Elections.

UMNO Divisions	State Electoral Constituencies	Names	Party Posts		Government Posts
			Before 1978 Party Elections	After 1978 Party Elections	
<u>Lipis</u>	1. Jelai	Mohd. Hashim Idris (1978)	Lipis Div. Information Head	Lipis Div. Vice-Head	-
	2. Bukit Bentong	Abu Bakar Chu (1978)	Lipis Div. Committee Mem.	same	-
	3. Benta	Mohd. Zuki Hj. Kamaludin (1978)	Lipis Div. Committee Mem.	same	State Exco Member
<u>Jerantut</u>	4. Tahan	Harun Jaafar (1974)	Jerantut Div. Deputy Head	same	State Exco Member (1979- mid 1980)
	5. Tembeling	Abdul Rahman Bilal Akil (1974)	Jerantut Div. Committee Mem.	Jerantut Div. Vice-Head	-
	6. Jenderak	Hj. Abd. Hashim Mohd. Ali (1978)	-	Jerantut Div. Committee Mem.	-
	7. Kerdau	Mohd. Sallehudin Omar (1974)	Jerantut Div. Committee Mem.	-	-
<u>Kuantan</u>	8. Beserah	Abd. Rahim Abu Bakar (1978)	Kuantan Div. Committee Mem.	same and SLC Dep. Chairman	Mentri Besar
	9. Sungai Lembing	Wan Abdullah Wan Osman (1974)	Kuantan Div. Vice-Head	same	-
<u>Raub</u>	10. Batu Talan	Hj. Abd. Razak Hitam (1978)	-	Raub Division Committee Mem.	State Exco Member
	11. Dong	Tengku Mustapha Tengku Seti (1969)	Raub Div. Committee Mem.	-	Speaker State Legislative Assembly
<u>Maran</u>	12. Paya Besar	Abd. Rashid Abd. Rahman (1974)	Maran Div. Youth Leader; SLC Mem.	same	State Exco Member
	13. Banda Maran	Hj. Nasir Mat Piah (1978)	Maran Div. Committee Mem.	Maran Div. Deputy Head	State Exco Member (from mid-1980)
	14. Jengka	Puan Hajjah Sariah Kamiso (1974)	Maran Div. Vice-Head	Lost Vice-Head; Committee Mem.	-
	15. Chenor	Hj. Mahmud Hj. Mat Taib (1974)	Maran Div. Comm. Mem.; SLC Information Officer.	-	-
<u>Bentong</u>	16. Semantan	Abd. Malek Mohd. (1974)	Division Head SLC Secretary	same	State Exco Member (from mid-1980)
<u>Pekan</u>	17. Kuala Pahang	Hashim Mohd. Zain (1978)	Pekan Div. Committee Mem.	same	-
	18. Chini	Mohd. Hj. Abd. Ghani (1974)	Pekan Div. Vice-Head	Div. Vice-Head and Information Officer	-
	19. Bandar Pekan	Samsiah Dato' Abd.	Pekan Div. Vice Head; SLC Mem.	same	-
	20. Bukit Iban	Datuk Mohd. Khalil Yaakob (1978)	Pekan Div. Committee Mem.	Pekan Div. Deputy-Head	-
	21. Rompin	Abd. Latiff Kantan (1974)	Pekan Div. Secretary	-	State Exco Member (mid-1979 to mid-1980)
<u>Temerloh</u>	22. Mentakab	Hj. Idris Hj. Long (1978)	Temerloh Div. Committee Mem.	Temerloh Div. Vice-Head	State Exco Member
	23. Bandar Temerloh	Tok Muda Hj. Awang Ngah Tok Hj. Ibrahim (1955)	-	Temerloh Div. Deputy-Head; SLC Head	-
	24. Bera	Jaafar Salleh (1978)	Temerloh Div. Secretary	same	-

Source: As for Table 3. Note: Year in brackets indicates when first elected.



MB.<sup>71</sup> It was in the Centre's interest, especially in the case of Pahang, to ensure that the Sultan's discretion in this was minimal. The Centre wanted to ensure that the new MB owed prior allegiance and loyalty to Kuala Lumpur rather than the Ruler of the State. This, according to a Cabinet Minister, was indeed the intention of the Central Government under the Prime Ministership on Katuk Hussein Onn.<sup>72</sup>

A few days after the elections, Datuk Seri Hamzah announced that a new MB of Pahang would be chosen soon.<sup>73</sup> He indicated that the names of five State Assemblymen had been submitted to the PM, as UMNO President.<sup>74</sup> It was reported that the PM's decision on who should be the MB would be submitted to the Sultan.<sup>75</sup> In the meantime there were accusations that the Sultan was attempting to exert his influence on behalf of certain candidates.<sup>76</sup> After being informed of the PM's nominee - Abdul Rahim Abu Bakar - for the MB's post, the Sultan took the opportunity to deny these accusations. He conceded that his role was purely a formal one and that

"Datuk Hussein Onn, the National Front Chairman, has his choice. I only give my blessings, and that I have given through Datuk Seri Abu Samah (Pahang UMNO liaison committee chairman) whom I met this morning".<sup>77</sup>

After being officially installed as the MB, Abdul Rahim Bakar appealed for party unity and stated that

"The political game is over and the time has come for more hard work to fulfil the promises made to the electorate".<sup>78</sup>

The new MB was young and a relative newcomer to Pahang politics.<sup>79</sup> His political base in the State was narrow and he had

71. The Guardian, 30.12.78.

72. ibid..

73. Watan, 13.7.78.

74. The five included Datuk Awang Ngah Tok Muda Hj. Ibrahim (former Speaker of the State Legislative Assembly and Assemblyman for Bandar Temerloh), Abdul Malek Mohammad (former State Exco member and Assemblyman for Semantan), Abdul Razak Hitam (newcomer and Assemblyman for Batu Talam), Abdul Rahim Bakar (newcomer and Assemblyman for Beserah) and Mohamad Khalil Yaakob (newcomer and Assemblyman for Bukit Iban). See Watan, 13.7.78.

75. ibid..

76. The alleged Sultan's candidates were Mohamad Khalil Yaakob, Abdul Razak Hitam and Hj. Nasir Mat Piah. See NST, 14.7.78.

77. ibid..

78. ibid., 20.7.78.

79. Before this he was a Central officer in the Malaysian Administrative and Diplomatic Service. He had been seconded to serve as the General Manager of the Pahang State Economic Development Corporation and was persuaded to resign to contest for the seat of Beserah in the 1978 State elections.

been elected a Kuantan UMNO Division Committee member only in 1976.<sup>80</sup> Clearly his political stature and position within the party in the State before his appointment were relatively insignificant and minor. Even after his appointment he admitted that he still had to find his political feet.<sup>81</sup> Nevertheless, he was the one preferred by UMNO's Central leadership. As the Centre's appointee he was left in no doubt as to whom and where he owed prior loyalty and as to why he was appointed.<sup>82</sup> It soon became apparent that the new MB had been instructed by the Central Government to watch over the allocation of timber and other land concessions.<sup>83</sup> As a political unknown, with apparently no substantial party support at the State level, the MB was dependent and increasingly so on the Centre. This fitted well with the Centre's desire of ensuring the prior allegiance of the MB to Kuala Lumpur.

Abdul Rahim Abu Bakar's appointment was not popular especially with veteran State UMNO politicians.<sup>84</sup> They claimed that Datuk Seri Hamzah, as SLC Chairman, had neither consulted the SLC nor obtained the majority support of the State Assemblymen.<sup>85</sup> In response, Datuk Seri Hamzah explained and emphasised that the new MB was chosen by UMNO's President, Datuk Hussein Onn, and that he was involved only as an adviser.<sup>86</sup> He claimed that no one opposed the President's choice at a meeting of State Assemblymen.<sup>87</sup> He also claimed that there was no opposition from any of the Pahang politicians at the Centre.<sup>88</sup>

80. See UMNO, Penyata Tahunan, 1976/1977, p.291.

81. Interview with the MB, Abdul Rahim Abu Bakar, 22.10.80. According to Ali Shariff, Head of Kuantan Division within which the MB's Beserah constituency was located, Abdul Rahim Abu Bakar had been an UMNO member since 1962 and had been active in the Beserah Branch. He was elected to the Kuantan Division Committee in 1976. See Watan, 2.8.78.

82. According to him he was picked by UMNO's Central Leadership for a particular purpose. Interview with the MB.

83. The Guardian, 30.12.78. On taking Office, the MB immediately froze all land and timber concessions for a period of three months. After this period was up he introduced a tender system for the allocation of such concessions so as to reduce political corruption. Interview with MB.

84. Watan, 14.7.78 and 15.7.78. Fifteen UMNO branches in Temerloh wrote to the PM urging him to make former Assembly Speaker, Datuk Awang Ngah Tok Muda Ibrahim (an Assemblyman since 1955), the MB and to transfer Datuk Seri Hamzah from the Law Ministry. Datuk Awang Ngah also refused to accept reappointment as Speaker of the State Legislative Assembly. See Watan, 18.7.78.

85. Watan, 14.7.78, 16.7.78 and 20.7.78.

86. Watan, 24.11.78 and Mingguan Malaysia, 1.6.80.

87. Watan, 24.11.78.

88. ibid., 26.11.78.

Despite these disclaimers, Hamzah, as SLC Chairman, was widely believed to be intimately and crucially involved in the State's leadership stakes and through his close links with Kuala Lumpur certain candidates for MB and the State Exco were presented, discussed and preferred.<sup>89</sup> They blamed him for foisting a newcomer onto the State, someone who was not even tutored in the 'old' ways of politics or the established 'rules of the game.' To them the appointment of Abdul Rahim Abu Bakar was a threat to their vested interests. The previous relationship between the former MB and ExcOs to their respective clienteles was undermined. However, their resentment was not directed at Datuk Hussein Onn, the UMNO President, although it was by implication. Directly to criticise the UMNO President over the MB's appointment was to go against an established convention. Conveniently, their resentment was directed at Hamzah for giving the 'wrong' advice to the UMNO President.

Despite the formal acceptance of the MB, the Sultan was apparently unhappy over the choice of MB because of the possible consequences to his interests.<sup>90</sup> The new MB had on taking office frozen all land and timber concessions and started a new policy regarding their allocation. This new policy, aimed at the optimisation of the benefits from the State's land resources, was based on granting land and timber concessions to public corporations rather than individuals.<sup>91</sup> That this policy had the support of, if indeed it had not been formulated by, the Central Government was emphasised by the Minister of Land and Regional Development, Tan Sri Kadir Yusof. He declared that the Government would alienate large tracts of land only to public agencies and not to individuals.<sup>92</sup> The Sultan was alleged to have cultivated the support of the senior Cabinet Ministers from Pahang - like Tan Sri Ghazali Shafie and Datuk Sharif Ahmad - in the hope that they would advance his case at the Centre but this was apparently not successful.<sup>93</sup> The Sultan was clearly involved in the political infighting over the MB's appointment and composition of the State Exco.<sup>94</sup>

89. Interview with a former MB of Pahang, 16.10.80, and "A".

90. Interviews with "A" and "B".

91. Interview with MB. The Sultan apparently approached the Minister of Land and Regional Development, Tan Sri Kadir Yusoff, to seek a clarification of the new MB's land policies. Interview with "B".

92. Asia Research Bulletin, Vol. 8, No.9, 28.2.79, p.537.

93. The Sultan was apparently successful in persuading the two Cabinet Ministers to pursue his case at the Centre - to have the MB replaced and Datuk Seri Hamzah removed as SLC Chairman. Their efforts failed. Interview with "B". This indicates that certain Pahang Cabinet Ministers were not wholly supportive of the new MB.

94. Watan, 2.11.78.

He was also clearly unhappy over the appointment of the new MB.<sup>95</sup>

In early November, 1978 the Sultan asked his Supreme Council or Jemaah Pangkuan Negeri to investigate the manner in which the MB was appointed.<sup>96</sup> This investigation was related to Datuk Seri Hamzah's failure to submit to the Sultan the question of the appointment of the MB.<sup>97</sup> The Council, meeting on November 15, 1978 under the chairmanship of TAB, found that both Datuk Seri Hamzah and Datuk Ibrahim Mohamed<sup>98</sup> were responsible for dragging the Sultan into political controversy in Pahang.<sup>99</sup> The Council unanimously recommended that both men should be stripped of their titles and positions given by the Sultan.<sup>100</sup> This was indeed

"tantamount to a call for a real snubbing of the Federal Government".<sup>101</sup>

On November 19, 1978 the Sultan visited the PM to discuss the Pahang Supreme Council's recommendation.<sup>102</sup> Several such meetings were held and a compromise was apparently agreed to.<sup>103</sup> On July 10, 1979 the PM announced the resignation of Datuk Seri Hamzah as Pahang SLC Chairman and despite the availability and willingness of two Cabinet Ministers from Pahang to serve, the PM took over this post.<sup>104</sup> According to the UMNO Secretary-General, this was agreed to by both National and State UMNO leaders.<sup>105</sup> The taking over of the post by the PM was a warning to Pahang politicians that the Central leadership under the PM was not to be trifled with.

95. The Guardian, 30.12.78.

96. ibid., and Watan, 7-8.11.78.

97. Watan, 7-8.11.78.

98. A prominent businessman who was once very close to the Royal Family.

99. Watan, 16.11.78.

100. ibid.

101. The Guardian, 30.12.78.

102. Watan, 20.11.78. Some would say that the Sultan was summoned to see the PM. Interviews with a former MB of Pahang, 16.10.80, and "B".

103. Interview with the MB. According to another source, the Sultan presented two choices to the PM; either Datuk Seri Hamzah resign from being leader of Pahang SLC or failing this the Sultan would withdraw all his royal titles. Interview with "A".

104. NST., 11.7.79. Although ill-health might have contributed to his resignation, it was probably because of his continuing conflict with the Sultan and the compromise between the power groups in Pahang. Interview with the MB.

105. NST., 21.7.79. According to the MB the PM did not appoint any other man from Pahang - for example either of the Cabinet Ministers - because he did not trust them. The PM believed that any other Pahang man could be easily swayed by the Sultan. Interview with the MB.

However, efforts to oust the MB or make his life unbearable continued unabated, perhaps even with renewed vigour.<sup>106</sup> Pahang UMNO dissidents were apparently unhappy about the MB's reluctance to practice the "politics of distribution".<sup>107</sup> According to UMNO officials, they were planning to move a motion of no-confidence against the MB at the sittings on 3rd and 4th September of the State Legislative Assembly.<sup>108</sup> It was to the Centre that the MB had to turn to for protection. He submitted a full report on the current political situation in Pahang to UMNO headquarters and also consulted the PM regarding the matter. The PM was unhappy, some would say frustrated and annoyed, over the reported moves to oust the MB.<sup>109</sup> Not surprisingly, it was announced that the PM would soon visit Pahang to chair a meeting of the Pahang UMNO SLC so as to discuss the reported moves against the MB.<sup>110</sup> The PM's visit was also intended as a show of support for the MB's leadership whose position was felt to be increasingly threatened by a group of UMNO dissidents.<sup>111</sup> A compromise was apparently arrived at during the SLC meeting which was chaired by the PM.<sup>112</sup> However, this compromise was shortlived because the underlying dissatisfaction with the MB remained.<sup>113</sup> The MB, mirroring the divisions within UMNO members in Pahang, appealed for a return to the party tradition of moderation. He stated that

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106. A Pahang Division registered its anger at the Centre's imposition of an unknown MB during the UMNO GA of 8th July, 1979. See note 127 of Chapter 9. It was apparent that the majority of the delegates at this GA were against leaders being imposed out of the blue. See The Star, 21.7.79. Interview with Datuk Hj. Abdul Aziz Hj. Ahmad.
107. New Sunday Times, 19.8.78. The MB admitted that his unpopularity was due partly to his disavowal of the "old style politics" within which corruption or 'greasing' was a vital component. He was unwilling to be a patron within a clientele network based on corruption. Interview with the MB.
108. NST, 15.8.79. The UMNO Secretary-General confirmed that there was a move to unseat the MB but expressed confidence that it would not succeed. See NST, 19.8.78.
109. Interviews with "B", a former MB of Pahang (16.10.80) and UMNO Secretary-General, Mustafa Jaabar, 30.9.80. See NST, 20.8.79.
110. NST, 15.8.79 and 20.8.79.
111. Interviews with a former MB of Pahang (16.10.80), "A", "B" and Pahang State Exco member (17.10.80).
112. Interviews with the MB, a former MB of Pahang (16.10.80) and "B". The UMNO dissidents did not table the motion of no-confidence against the MB as originally planned.
113. See The Star, 31.5.80. The MB, with the reputation of being "Mr. Clean", was unyielding in his opposition to restarting the "old style politics" in return for the support of the UMNO dissidents. Interview with Pahang State Exco member, 17.10.77.

"Moderation is always the best policy. It has worked well with UMNO and it has worked well for the country".<sup>114</sup>

His appeal fell on deaf ears. There was, however, a limit beyond which factionalism and divisions within UMNO in Pahang would not be tolerated by the Central party leaders. Datuk Hussein Onn, commenting on the problems besetting the UMNO in Pahang, stated that

"there is no political crisis in the State. Whatever is happening there today will be solved eventually. But if it is decided that there is a crisis, then the Council [SEC] will intervene just like what we did in Malacca ... My position here is only temporary. I will hand back the post [of Chairman of the SLC] the moment it is decided that the problems in the State are resolved".<sup>115</sup>

The MB's position in Pahang was weak in terms of his own party base of support, although he was appointed as the Pahang SLC's Deputy Chairman after his appointment as MB. Despite his clear identification with and over-dependence on the Centre, perhaps because of these, his position as MB was still threatened. The prospect of continuing threats or opposition to his position compelled him to look for ways of strengthening his position within the party organization. The opportunity for this came with the party elections of June, 1980. To consolidate his position and build up his own base and support, the MB decided to challenge for the Kuantan Division Head's post then held by Ali Shariff, a Deputy Minister.<sup>116</sup> UMNO sources stated that

"Once he's got a position of his own in Pahang UMNO, he will be able to hold his own against any opposition".<sup>117</sup>

It was equally important for Ali Shariff to retain this post if he wished to continue as Deputy Minister and have a chance of being renominated for the next General Election. The PM made an official visit to Pahang in the midst of the campaigning for the party post. This, according to UMNO sources had strengthened the MB's hand.<sup>118</sup> Despite this the MB withdrew, apparently because he wanted to preserve party unity, and agreed instead to stand for the Deputy Head's post. Party sources explained that

"The Mentri Besar feels there is no need be in a hurry for him to get to the top even though he is still looking out for a good political base ... He is not over ambitious and for the time being is quite satisfied with the job as deputy head".<sup>119</sup>

114. NST, 11.2.80.

115. NST, 26.5.80. Factional disputes within UMNO in Malacca provided the opportunity for national party leaders in the SEC to intervene and impose a solution. See NST, 17.8.77, 12.9.77 and 27.9.77.

116. The Star, 31.5.80.

117. Quoted in *ibid*.

118. Furthermore, many UMNO members interpreted the PM's visit as a show of support for the MB. *ibid*.

119. Quoted in The Star, 2.6.80. The MB withdrew despite having

They believed that in the next Divisional elections the MB was bound to move up.<sup>120</sup> Both Ali Shariff and the MB were respectively elected unopposed as Head and Deputy Head of Kuantan UMNO Division.<sup>121</sup> Thus, the MB was left without having control of a Divisional base, the main UMNO organisational unit in the State.

The MB's position in the State was clearly weak and vulnerable. He was apparently incapable of winning the confidence and willing approval of the Sultan. The 'old guards' of Pahang UMNO resented his rapid rise and viewed him as a threat to their vested interests in the "old style politics". Datuk Seri Hamzah, popularly regarded and resented as the MB-maker and one of the MB's supporters at the Centre, had by mid-1980 lost both his Chairmanship of the Pahang UMNO SLC and Cabinet post. The resignation of Datuk Hussein Onn as PM in June, 1981, deprived the MB of his strongest political patron. Perhaps not surprisingly, in early November, 1981 the MB tendered his resignation.<sup>122</sup>

#### Discussion and Conclusion

The ER case represented a clash of priorities and interests between the UMNO-dominated Centre and State. Its significance goes beyond the mere question of logging in the ER area and lies in the question of the proper utilisation of land and its associated resources in which both the Central and State Governments have legitimate, sometimes mutually exclusive, interests. Land is a state subject and, for a long time, had been the main source of political patronage at the State level. In Pahang, this resulted in the development and perpetuation of a web of vested interests which included both UMNO politicians and members of the Pahang Royal Family. It was a situation that the Central Government had been increasingly keen to control.

119. (Cont.) secured over 90% of the nomination for the Division Head's post. See NST, 2.6.80. There was virtually no change in the other top UMNO Divisional posts. See The Star, 4.6.80.

120. ibid. Perhaps in a move to pave the way for the MB in the next Divisional elections, the PM in a Cabinet reshuffle on September, 1980 did not reappoint Ali Shariff as Deputy Minister. Hamzah was not reappointed as Cabinet Minister. See Watan, 12.9.80. Hamzah was not reappointed ostensibly because of ill-health but probably because of disagreement with the Yang Di-Pertuan Agong (the supreme Monarch), then held by the Sultan of Pahang. See Report on World Affairs, 1st July to 30th September, 1980, p.36.

121. The Star, 2.6.80.

122. FEER, 20.11.81. In the April, 1982 General Elections Abdul Rahim Abu Bakar was nominated to stand in the Federal constituency of Kuantan, a seat formerly held by Ali Shariff. He was elected as an MP in this election.

Despite the weight of financial, and some would argue constitutional, powers with the Centre, the Central leadership resorted to the use of the internal mechanisms and processes of the party to bring about the desired changes at the State level. This resulted in a continuous tussle between the Central UMNO leaders and UMNO groups in the State who have vested interests at stake. This is not surprising because the party, to quote Sartori,

"is an aggregate of individuals forming constellations of rival groups".<sup>123</sup>

Consequently, the informal party processes were, again to quote Sartori,

"riddled by disagreement, rivalry, manoeuvrings and battlings".<sup>124</sup>

over the vested interests at stake. These then shaped UMNO politics, and consequently Centre-State relations, involving Central UMNO leaders, State UMNO politicians and members of the Pahang Royal Family.

Central UMNO leaders are for several reasons in a position of strength in their competition for power and influence with State UMNO politicians. First, the party machinery is highly centralised and that most of the substantive powers, especially over the nomination of election candidates, are located at the Centre. The UMNO President, who is also the PM, is thus equipped with substantial powers within UMNO. These powers placed him and his SEC in a position to determine and organise party affairs and the pattern of elite recruitment within the State.

Second, the SEC is the pivotal body within UMNO. As such, and because of the absence of a fully-fledged State party body, it organises the party within the State. The SLC is under the direct control of the Centre and, in the case of Pahang during the period examined, it was led first by a Cabinet Minister and then by the PM. The UMNO Divisions are directly linked to the Centre and, in the case of Pahang, they were controlled in the main by Cabinet or Deputy Ministers or MPs. The absence of a fully-fledged State party organisation means that the MB or any other State UMNO politicians can only hope to capture control of one Division. Since there are several Divisions in Pahang, control of one Division is not sufficient to sustain one's claim to leadership status. The MB and UMNO State Assemblymen are thus dependent not on a State party machine but on a Centrally-controlled party machine to keep

123. Sartori, G., Parties and Party Systems: A framework for analysis, Vol. 1, London, Cambridge University Press, 1976, p.72.

124. ibid., p.48.



them in office. The manner of the dismissal and appointment of the MB and the nominations of UMNO election candidates in Pahang bears this out. This dependence is enhanced by UMNO's dominance both Nationally and in most States, and especially so in Pahang. UMNO's dominance ensures at least grudging loyalty to the party because there just is no other alternative route for a successful political career.<sup>125</sup>

Third, the absence of a fully-fledged State party organisation means that there is no State-wide body which the MB could readily capture and control. This makes it difficult for the MB, who may control only one Division, to mobilize State-wide support either for his position or against Central party intervention in party affairs in the State or for State "interests". This was true of Pahang and probably also for other States. The difficulty is compounded by the organizational fragmentation of UMNO in the State into Divisions which are linked with one another through a Centrally-controlled SLC. This party structure does not encourage cohesion or unity of purpose, which could for example be expressed in defence of State "interests", among the Divisions in the State. A cohesive and closely-knit State party organization may act as an obstacle to centralized decision-making but its absence encourages, indeed requires, such centralized decision-making.

In Pahang, such cohesion or unity of purpose as existed before factionalism and divisions became rampant was due primarily to the tight grip that Tun Razak, as the recognised and unchallenged leader of Pahang, was able to impose on UMNO in Pahang.<sup>126</sup> Not coincidentally, his death in early 1976 loosened this tight grip and resulted in the competition for Razak's position as the recognized and unchallenged political leader of Pahang. Tun Razak, perhaps attempting to groom a successor, appointed Datuk Seri Hamzah as Chairman of Pahang UMNO SLC in 1972.<sup>127</sup> Datuk Seri Hamzah's political roots were neither deep nor

125. A different situation prevailed in Kelantan before 1978. See discussion in chapter 11.

126. Clearly expressed in interviews with Pahang politicians.

127. Datuk Seri Hamzah replaced Yahya Mohamad Seh, then MB, as SLC Chairman. Yahya Mohamad Seh was also forced to resign as MB in 1972. He was then Head of the Temerloh Division and Datuk Seri Hamzah was Head of Raub Division. In the 1972 party elections, with Razak's approval, Datuk Seri Hamzah stood for the Temerloh Division Head's post and won. Interviews with a former MB of Pahang and other Pahang politicians. See also UMNO, Penyata Tahunan, 1972/73. Thus the demise of Yahya Mohd. Seh as MB and SLC Chairman was engineered by Tun Razak and Datuk Seri Hamzah was the beneficiary of his demise. Tun Razak also appointed Datuk Seri Hamzah, together with Ghazali Shafie and Shariff Ahmad, as Cabinet Ministers. Tun Razak was thus instrumental in Datuk Seri Hamzah's rise to political prominence and power both at the Centre and in Pahang.

wide and his position depended on Tun Razak. With Razak's death he was somewhat exposed. Not having the stature and prestige of Tun Razak, he could not intervene in State politics with impunity even if such intervention was carried out in the name of the Central party leadership.

Fourth, traditional elites and the traditional pattern of support play a vital role in the development of UMNO as a national party. State traditional elites had been in the forefront of, some would say vital to, the development of UMNO.<sup>128</sup> Through them UMNO was able to mobilize State supporters. Their participation in UMNO was aimed, most importantly, at establishing themselves in the Centre. In other words, they harnessed the local and State-based tradition of support so as to compete for power at the Centre. It is in this sense that most National UMNO leaders are State-based. This further centralised the party machine. The consequence of this is to deny State UMNO politicians the use of such traditional pattern of support as an independent source of support and consequently make them dependent on a traditional pattern of support which is controlled by a party leader at the Centre. This is especially so in Pahang which has its own distinct local tradition of social and political organization based on four hereditary chiefs, apart from the institution of the Sultanate.<sup>129</sup> Tun Razak, as one of the chiefs, was the embodiment of the traditional elite in Pahang and his unrivalled power was rooted in such distinct local tradition. No other Pahang politician had achieved such unrivalled stature in Pahang. With his death, this network of tight traditional support became the focus of faction and group competition and was consequently fragmented. This explains both rampant factionalism in Pahang and the inability of any Pahang politician to successfully bind again the traditional support structure. Thus divisions between the State UMNO politicians in Pahang not only presented an opportunity for but also required Central intervention in party affairs in Pahang.

The Central Government's and Central UMNO leaders' imposition of an MB in Pahang was opposed by the supposedly Constitutional Sultan. Constitutionally, the Sultan is the source and symbol of authority in the State and must act on the advice of the MB and the State Exco. The institution of the Sultanate is, however, a source of independent power within the State. Its power had been strengthened by the 1971

128. See Means, G.P., *Malaysian Politics*, London, Hodder and Stoughton, 2nd ed., 1976, pp.194-195 and Moore, D.E., "The United Malays National Organisation and the 1959 Malayan Elections", Unpub. Ph.D. Thesis, University of California, 1960, p.63.

129. Moore, *ibid.*, pp.81-82.

Constitutional Amendments which placed the institution of the Sultan beyond and above public debate.<sup>130</sup> Nevertheless, the Pahang case indicates that the Sultan's role was marginal although his unyielding opposition to the new MB (the Centre's nominee and agent) might have influenced the MB's resignation.

The Centre's imposition of an MB in Pahang was facilitated by a highly centralized party structure. But it was nevertheless resented and opposed by UMNO State politicians despite their dependence on a Centrally-controlled party machine. The Sultan also opposed the Centre's imposition. Ultimately, however, the MB had no choice but to resign. The chief significance of the rise and fall of the MB is this: UMNO's Central leaders cannot construct a political base for its appointee unless that man already has a secure footing in the State. The State still matters in an apparently tightly-knit Federation with a powerful Centre.

130. See chapter 2. The Sultans participation in State politics was indicated in Trengganu, in 1962, after UMNO had successfully tabled a motion of no-confidence against the PAS MB. See Milne, R.S., *Government and Politics in Malaysia*, Boston, Houghton Mifflin Co., 1967, p.144. Since 1971, however, the Sultans in respective States have been increasingly keen participants in State politics. The Sultan of Perak was partly instrumental in the resignation of the Perak MB, Ghazali Jawi, and the appointment of Wan Mohamad Wan Teh. Differences between the Sultan and the MB were often reflected in the public statements made by the Sultan and manifested by the Sultan's refusal to open the State Legislative Assembly in 1973, 1974, 1975 and 1976. Not coincidentally, the Sultan opened the SLA meeting on the 28th October, 1977 after Wan Mohamad's appointment as MB. The Sultan of Kelantan, as discussed in the next chapter, was also a keen participant in Kelantan politics.

## Chapter 11

### Kelantan : The exception to the rule and Centre-State Relations

PAS-controlled Kelantan provided the case where members of different political parties controlled the two levels of Government in a Federation. It was thus an exception to the rule of UMNO dominance in the States and Centre of Peninsula Malaysia. The establishment of PAS<sup>1</sup> control in Kelantan in the 1959 State elections marked the beginning of the exception. Only after the formation of the Barisan Nasional (BN) coalition Governments at the Centre and State levels was PAS finally tamed and Kelantan brought within the dominant pattern after PAS lost the 1978 State elections to UMNO. This exception emphasised the 'political distance' between PAS and UMNO and Centre-State relations became inextricably linked to UMNO-PAS competition at both Centre and State levels. Thus UMNO-PAS rivalry and competition became relevant to federalism.

Much of the story about PAS-controlled Kelantan relations to the Centre has been referred to in earlier chapters and by several writers, especially for the 1955 to 1959, 1959 to 1969 and 1969 to 1974 periods. In this chapter it will be necessary only to summarise the main features of this story for these periods, but more detailed account is given for the 1974 to 1978 period.

#### BACKGROUND

Kelantan has a rich history and cultural tradition<sup>2</sup> which have more in common with three other States of the former unfederated Malay States (UFM) - Trengganu, Kedah and Perlis - than to the other States of Peninsula Malaysia. Like the three other States, Kelantan is overwhelmingly Malay, 92.5% to be precise.<sup>3</sup> The Kelantanese Malays, in their spoken Malay and clannishness, do exhibit and signal their distinctiveness from Malays of other States.<sup>4</sup> Like the three other

1. For discussions on the origins of PAS see Funston, N.J., "The Origins of Parti Islam se Malaysia", Journal of Southeast Asian Studies, Vol.7., No. 1, March 1976, pp. 58-73; Y. Mansoor Marican, "The Political Accommodation of Primordial Parties: DMK (India) and PAS (Malaysia)", Unpub. Ph.D. Dissertation, University of British Columbia, Vancouver, 1976, pp. 58-73; Y. Mansoor Marican, "The Pan-Malayan Islamic Party: A Critical Observation", in Southeast Asian Affairs, 1978, Institute of Southeast Asian Studies, Singapore, Heinemann Educational Books (Asia) Ltd., 1978, pp. 165-169; Means, G.P., Malaysian Politics, London, Hodder and Stoughton, 2nd ed., 1976, p. 226. PAS also won control of Trengganu in 1959.
2. Roff, W.R., ed., Kelantan: Religion, Society and Politics in a Malay State, Kuala Lumpur, Oxford University Press, 1974, passim.
3. Only Trengganu has a higher percentage of Malays. See Appendix 2.
4. This is exhibited, for examples, in the student population of both Schools and Universities and in National gatherings where a

States, Kelantan came under British protection only in 1909. Thus it was not subjected to the pattern of political, economic and social development then experienced by the States of the Federated Malay States (FMS), Straits Settlements and Johore. Kelantan viewed this development with distaste and feared that British protection would foreshadow a similar development in Kelantan.<sup>5</sup> It was thus anxious to protect the "Malayness" of the State. It took several measures to prevent the feared penetration of the British, of non-Malays, of other Malays, in short, of all outsiders. These measures included the bureaucratization of Islam through the establishment of the Majlis Ugama (State Religious Council) as one of the foundations of the Kelantan Malay society and emphasis on the principle of the territorial inviolability of its land through the enactment of a Malay Reservations Act in 1930.<sup>6</sup>

Kelantan's economy has always been rural, peasant and agriculturally based<sup>7</sup>. It is still, compared to other States, economically the most underdeveloped (in terms of Per Capita State Gross Domestic Product) and financially very weak.<sup>8</sup> It is possible to describe Kelantan, for historical, economic, political, social and cultural reasons, as a hinterland of Peninsula Malaysia.

The internal differences and divisions in Kelantan society considerably influenced local political dynamics in the colonial period. These were continually expressed in the struggle for power between,

4. (Cont.) significant number of Kelantan Malays are present. Kedah Malays also excel in this. It is like the group inclination exhibited by the linguistic and regional groups of India. See Morris-Jones, W.H., Parliament in India, London, 1957, pp. 18-19. Kelantanese distinctiveness is sometimes expressed in their claims that they are the 'bastion' of Malay culture and tradition. See Nash, M., "Ethnicity, Centrality and Education in Pasir Mas", in Roff, op.cit., p. 243.
5. Kelantan believed that the pattern of development then taking place in the States of the FMS, Straits Settlements and Johore resulted in direct British participation in the affairs of these States and produced a radical transformation of the communal composition in these States by pulling in ever increasing numbers of immigrant non-Malays to work the 'new' fields of economic activity. See Kessler, C.S., "Muslim Identity and Political Behaviour in Kelantan", in Roff, op.cit., p. 280.
6. See Roff, W.R., "The Origin and Early Years of the Majlis Ugama", in Roff, op.cit., pp. 101-152; Winzeler, R.L., "The Social Organization of Islam in Kelantan", in Roff, op.cit., pp. 259-271; and Winzeler, R.L., "Malay Religion Society and Politics in Kelantan", Ph.D. Dissertation, University of Chicago, 1970; Kessler, op.cit., pp. 280-281.
7. See Nash, op.cit., p. 243. See also Nash, M., "Tradition in Tension in Kelantan", Journal of Asian and African Studies, Vol. 1., 1966, pp. 310-314.
8. See chps. 3 and 4.

essentially, two sets of elites - the traditional (the established nobility and aristocracy) and non-traditional (Malay school teachers, religious teachers, mosque elders and other opinion moulders).<sup>9</sup> The traditional elite used the Majlis Ugama, which it then controlled, to protect its power. In this way it was able to regulate the religious and political disputes, especially in the 1930s, to its satisfaction, thus resisting the challenge of a non-traditional elite.<sup>10</sup> In these disputes, the non-traditional elite, through the Majlis Ugama's lower functionaries, enjoyed the primary loyalty of the peasantry.<sup>11</sup> The introduction of elections in 1955 marked a new phase in Kelantan politics.

#### The 1955-1959 Period

Since 1955, electoral and party politics have been superimposed on the divisions of group and elite conflict.<sup>12</sup> A political party was now the vehicle, through electoral politics, for the control of Kelantan. Party Negara (PN), in 1955, was the vehicle for the traditional elite, PAS for the non-traditional elite<sup>13</sup>, with the Kelantan UMNO then controlled by

"a politically inexperienced group of Malay-educated leaders, sons of petty traders and lesser wage earning functionaries in the state's administrative apparatus."<sup>14</sup>

Two elements in this 'new' politics are discernible. First the competing elite's claim of support from the peasantry can now be periodically and electorally tested and such support has become increasingly important to the outcome of UMNO-PAS competition in the State. Second, because these parties are organizationally linked to National parties, State level politics became intertwined with National level politics.

In the first Federal elections of July 1955, UMNO won all five Federal Legislative Council seats in Kelantan. In the first State elections of September 1955, for a partially selected State Council<sup>15</sup>,

9. See Kessler, op.cit., pp. 277-280 and Moore, D.E., "The United Malays National Organisation and the 1959 Malayan Elections", Unpub. Ph.D. Diss., University of California, 1960, pp. 69-80.
10. Kessler described the non-traditional elite as the radical intelligentsia and Islamic modernist. See Kessler op.cit., pp. 278-280. See also Roff, "The Early Years of the Majlis Ugama", and Muhammad Salleh b. Wan Musa (with S. Othman Kelantan), "Theological Debates: Wan Musa b. Haji Abdul Samad and His Family", in Roff, ed., op.cit., pp. 153-176.
11. Kessler, op.cit., p. 280.
12. ibid., p. 277.
13. ibid., pp. 284-285.
14. ibid., p. 284.
15. The partially elected State Council comprised 16 elected and 17 nominated seats.

UMNO won all sixteen elected seats. The PN defeat compelled the traditional elites to find another party through which to retain their control of Kelantan.<sup>16</sup> They turned to UMNO. The PAS defeat was due to the personalities of the PAS leaders who collectively lack a clear ideology and programme and an organizational apparatus capable of reaching the majority of voters in the countryside.<sup>17</sup> PAS thus responded by mobilizing the Kelantanese in the countryside through an Islamic idiom, strengthening its organization and defining its ideology and programme.<sup>18</sup>

UMNO, in spite of its electoral success, did not have a majority in the State Council and was powerless.<sup>19</sup> Its effectiveness and credibility became increasingly suspect and were further weakened by its members continuous entanglement in bureaucratic politics and corruption. Most damaging, perhaps, was the intensification of rivalry among the Kelantan UMNO leaders as the 1959 Parliamentary and State elections, the first after independence, neared: several valuable prizes were at stake for the first time including the posts of Mentri Besar (MB or Chief Minister), Executive Councillors (Exco) and all the State Legislative Assembly (SLA-the reconstituted State Council). They were thus jockeying for position and control of Kelantan UMNO in preparation for the "spoils of office". Preoccupied with internal rivalries and confident of victory as representatives of the "party of Independence", they increasingly lost contact with and thus lost the support of their countryside supporters.<sup>20</sup> Factionalism<sup>21</sup> among the State UMNO leadership divided and weakened UMNO's approach to the electorate and provided the traditional elites (ex-PN members) with opportunities to colonize the State UMNO.<sup>22</sup> Consequently, UMNO became identified with the traditional elite.<sup>23</sup>

16. See Kessler, op.cit., p. 284. UMNO's success was attributable to its identification with a national UMNO then fighting for Malayan Independence. The 1955 election was part of the process towards Independence.

17. ibid., p. 285.

18. ibid., pp. 285-286.

19. ibid., p. 287.

20. ibid., p. 284. See also Y. Mansoor Marican, op.cit., pp. 106 and 150.

21. This was especially marked in Kelantan. See Ratnam, K.J., and Milne, R.S., The Malayan Parliamentary Elections of 1964, Kuala Lumpur and Singapore, University of Malaya Press, 1969, pp. 34-35.

22. See Kessler, op.cit., p. 287 and Means, op.cit., chp. 13. The controversy between Kelantan UMNO stalwart Hj. Abdul Khalid and Tengku Indra Putra (a traditional elite) was an example. See Moore, op.cit., pp. 79-81.

23. In the 1959 elections all ten UMNO candidates for the ten Parliamentary seats in Kelantan were members of the traditional elite. See Moore, op.cit., p. 81.

Meanwhile, PAS's political mobilization efforts were facilitated by the convergence of the anxieties of peasants and leaders of rural society-headmen, imams, religious teachers and pious men of the villages.<sup>24</sup> The peasants' anxieties centred on UMNO's neglect of land matters. The traditional leaders feared being supplanted by UMNO Assemblymen, party functionaries and bureaucrats. PAS's appeal was based on ethnic and religious, rather than class, themes which emphasised the threat to the Malays in general and Kelantanese in particular posed by UMNO's inter-communal strategy.<sup>25</sup>

Several factors thus conditioned the political climate before the 1959 elections. UMNO, weakened and divided by factionalism, increasingly identified as the party of the traditional elite, viewed as increasingly corrupt, was considered by the peasants and the village leaders as ineffective for protecting their interests. They thus turned to PAS. In the 1959 elections, PAS won 9 out of 10 Parliamentary seats in Kelantan (UMNO winning 1) and 28 out of 30 SLA seats (UMNO and MCA winning 1 each).<sup>26</sup>

#### The 1959-1969 Period

PAS-UMNO competition after the 1959 State elections shaped the relations between the UMNO-controlled Centre and PAS-controlled Kelantan. In this UMNO leaders at the Centre used their "good offices" to support Kelantan UMNO. Apart from the differing positions that both parties held on the issue of communal integration, there were issues of land, money and development around which party rivalry focused. These inter-related issues affected both the Centre's and State's interests.

As the governing party in Kelantan, PAS controlled the distribution of political patronage and the "spoils of office". Land, a State subject, was judiciously distributed to maintain PAS' political support and this engendered corruption and nepotism among PAS leaders and members.<sup>27</sup> This caused much soul-searching and, ultimately,

24. ibid., pp. 289-292.

25. Y. Mansoor Marican, op.cit., pp. 146-150. In Kelantan patron-client linkages were also important for political mobilisation. See Kershaw, R., "Of race, class and clientship in Malaysia", Journal of Commonwealth and Comparative Politics, Vol. 14, No. 3, Nov. 1976, pp. 717-718.

26. See Appendix I.

27. See Kershaw, R., "The 'East Coast' in Malayan Politics; Episodes of Resistance and Integration in Kelantan and Trengganu", Modern Asian Studies, Vol. 11, No. 4, 1977, p. 251. UMNO supporters were discriminated against. See Kershaw, R., "Politics in Kelantan, West Malaysia: Parochial Integrity v. National Integration?" in University of London, Institute of Commonwealth Studies, Autonomy and Dependence in Parochial Politics, Inst. of Commonwealth Studies collected Seminar papers, No. 7, Oct. 1968-March 1969, p. 55. See also Alias Mohamed, op.cit., p. 175.



internal divisions within PAS.<sup>28</sup>

The State Government's power over land, however, was weakened considerably by its limited financial resources. It could not afford to undertake large-scale land development on its own. It was thus open to the oft-repeated UMNO criticism that it was an ineffective State Government and, at the same time, subject to financial pressure from the Centre. Central Government funding and participation was and remain necessary for large-scale land developments in Kelantan. Through this UMNO hoped to demonstrate its political effectiveness and thus improve its chances in the struggle for political power. Equally, political calculations influenced PAS's refusal to co-operate with the Central Government in development projects in Kelantan.<sup>29</sup>

PAS and the Kelantan electorate were constantly reminded of development achievements in UMNO-controlled States and the "penalty clause" or "opportunity costs" for voting PAS.<sup>30</sup> The Central Government emphasised two messages: first, that only the Central Government was rich enough to finance large scale development projects in the State and, second, that Central Government money and participation in development projects in the State would be assured only if the Alliance controlled the State Government. In short, vote for PAS and remain economically underdeveloped or vote for Alliance and be

28. *ibid.*, pp. 172-173. See also Y. Mansoor Marican, *op.cit.*, p. 152. Not surprisingly the Alliance, emphasizing the contrast, replaced former candidates of bad reputation for the 1964 elections. See Ratnam and Milne, *op.cit.*, p. 106. See also Kershaw, R., "The 'East Coast' in Malayan Politics", pp. 521-522.

29. See Kessler, *op.cit.*, pp. 293-294; Mansoor Marican, *op.cit.*, pp. 213-214; Kershaw, *op.cit.*, p. 521; Senftleben, W., *Background to Agricultural Land Policy in Malaysia*, Wiesbaden, Otto Harrosswitz, 1978, pp. 67, 121-123, 212-213, 256 and 258-261; and Ness, G.D., *Bureaucracy and Rural Development in Malaysia*, Berkeley and Los Angeles, University of California Press, 1967, p. 138. For PAS's criticism of the Central Government's use of its financial resources against Kelantan, see Rudner, M., *Nationalism, Planning and Economic Modernization in Malaysia: The Politics of Beginning Development*, Beverley Hills, Sage Pub., 1975, p. 59, and *Malaysian Parliamentary Debates (MPD)*, Dewan Rakyat, Vol. 1, 1st Session, Sept. 1959-Feb. 1960, col. 519, and Vol. V, No. 43, 10.1.64, cols. 4772-4773.

30. The contrast was drawn especially with Trengganu, a former PAS-controlled State. See Ratnam and Milne, *op.cit.*, pp. 152-153. See also Ness, *op.cit.*, p. 216; *Warta Malaysia*, 19.8.1967, p. 5, and 11.7.68, p. 4; Alliance Manifesto of 1969 for Kelantan, reproduced in Kershaw, *op.cit.*, Appendix D; and *Straits Times*, 11.4.69 and 24.4.69.

rewarded by the inclusion of Kelantan into the mainstream of Centrally-directed and funded national development.<sup>31</sup>

In the PAS-UMNO competition land and its development, as State issues, were unmistakably emphasised.<sup>32</sup> Both parties justified their respective cases to the Kelantanese electorate by arguing that land and its development should benefit Kelantanese. For example, the controversy over the Kelantan Government planned leasing of land to a Singapore Chinese timber and mine company five days before polling day in the 1964 elections.<sup>33</sup> In this case both the Alliance (and hence UMNO) and PAS in their arguments invoked the historically and legally established principle of the territorial inviolability of Kelantan's land.<sup>34</sup>

In the conflict between PAS-controlled Kelantan and UMNO-dominated Centre, Kelantan's financial weakness was continuously exposed and exploited by the Centre.<sup>35</sup> The PAS Government was continually plagued by financial difficulties which the Central Government alleged were caused by the PAS Government's financial mismanagement, especially in its handling of the Kelantan River Bridge Project.<sup>36</sup> PAS alleged that the Central Government contributed to Kelantan's financial difficulties by delaying payment of capitation grants, refusing to honour its promise to give a loan for the Kelantan River Bridge Project, not contributing for two years (1962 and 1963) to the cost of Islamic education in Government assisted schools, and blocking disbursement that Kelantan was entitled to make.<sup>37</sup>

The PAS Government's financial difficulties weakened its position vis-a-vis the Centre. This was clearly underlined when, in December 1967, the Kelantan MB, Dato Asri, approached the PM, Tengku Abdul Rahman, for a Central Government loan of M\$1.5 million to pay the

31. This was the Alliance and UMNO leaders recurrent theme which, according to Vorys, revealed more a lack of understanding of the implicit assumptions of a federal system than a lapse in constitutional processes. See Vorys, K.V., Democracy Without Consensus: Communalism and Political Stability in Malaysia, Princeton, New Jersey, Princeton University Press, 1975, p. 277.

32. See Ratnam and Milne, op.cit., p. 193.

33. ibid., p. 153. See also Indorf, H.H., "Party System Adaptation to Political Development in Malaysia During the First Decade of Independence, 1957-1967", Unpub. Ph.D. Dissertation, New York University, 1969, p. 305. This 'leasing' plan was challenged by the Central Government in the Federal Court in 1968. See chp. 3.

34. See Ratnam and Milne, ibid., p. 154, and Y. Mansoor Marican, op.cit., p. 157.

35. See chp. 3.

36. ibid., See also Sunday Times, 29.11.64 and Alias Mohamed, op.cit., p. 175.

37. Y. Mansoor Marican, op.cit., p. 213 and Kershaw, op.cit., p. 522 and note 21.

December salaries of State Government servants.<sup>38</sup> Perhaps unwilling to see a State Government, even if controlled by an opposition party, going bankrupt and, more importantly, to exploit the PAS Government's financial weakness, the Central Government extended a M\$1 million loan, under an agreement, to the PAS Government. For through this agreement it hoped to acquire some control over the State's finances. This agreement required the PAS Government to seek the advice of Federal Treasury officials when preparing future State budgets. However, the PAS Government reneged when preparing its 1968 budget. It contended that this budget was prepared before the agreement was signed. In retaliation, no new Central financial assistance was extended to Kelantan<sup>39</sup> and with this Centre-State relations returned to their normal antagonistic pattern.

The Kelantan PAS politicians were, first and foremost, political animals, aware that their political careers depended on maintaining and securing power in Kelantan. This in part depended on their ability to respond to popular demands for economic development. It was here that Central Government had the whip hand. The PAS State Government acknowledged the intensity of these demands and the strength of the Centre. For example, the PAS Government appeared to want cordial relation with the Centre after the 1964 elections. The MB, Dato Asri, pledged that the State Government would co-operate fully with the Central Government in the field of development.<sup>40</sup> This thaw in Centre-State relations lasted for only six months. The reason was clear: the Kelantan UMNO leaders feared that this cordiality would eventually undermine their political strengths in the State and, accordingly, applied pressure on the Central Government to change course.<sup>41</sup> Political calculations again shaped Centre-State relations.

There was also an "Islamic" dimension to UMNO-PAS competition, well captured by the accusatory label of "un-Islamic". PAS always considered itself as the only truly "Islamic" party and had regularly

38. Y. Mansoor Marican, *ibid.*, pp. 214.215. See also Alias Mohamed, *ibid.*, p. 175. When Kelantan sought Central Government aid, Assistant Minister of Finance, Dr. Ng Kam Poh, speaking in the Dewan Rakyat of Parliament, said that "... they [PAS leaders] should develop sources of income from elsewhere, other than coming to the Federal Government ... we do not encourage such practices, especially from Kelantan". Quoted in Indorf, H.H., *op.cit.*, p. 455. My emphasis.

39. Y. Mansoor Marican, *ibid.*, p. 215.

40. Berita Harian, 7.11.64.

41. See Mansoor Marican, *ibid.*, p. 159. Tun Razak was then Chairman of Kelantan UMNO SLG.

labelled UMNO as an "un-Islamic" party.<sup>42</sup> To repair its Islamic credentials, UMNO put forward plans for the building of mosques in Kelantan. These were to be paid for by the Central Government<sup>43</sup> and implemented through the Majlis Ugama which UMNO was attempting to control, eventually with success.<sup>44</sup>

Raising the "Islamic" issue was one way, so PAS hoped, of clearly differentiating PAS from UMNO and weaning away Malay support from UMNO.

PAS was not without its problems of unity and cohesion. These emerged, for example, during the 1964 leadership struggle for the succession to Dr. Burhanuddin and Zulkifli Muhamad as the party's President and Deputy President respectively.<sup>45</sup> The uneasy co-existence of traditional, conservative and orthodox Ulamas on one side and a modernist-reformist group on the other further undermined its unity and cohesion. These internal divisions presented fertile grounds for UMNO in its unrelenting attempts to undermine PAS. UMNO baited "dissident" PAS leaders and members with financial rewards if they defected from PAS. In August, 1968, for example, Kelantan UMNO then under Tun Razak initiated a Trengganu-like manoeuvre by encouraging the defection of PAS Assemblymen to UMNO in the SLA. This, however, failed.<sup>46</sup>

From 1959 to 1969, Centre-State relations were inexorably shaped by UMNO-PAS competition. Confrontation and mutual accusations of non-co-operation characterised these relations. Both parties were obsessed by considerations of political advantage. The development of practical, not to speak of co-operative, Centre-State relations was hindered by these two implacable foes. The 'political distance' between UMNO and PAS as well as between Centre and State was both emphasised and clearly defined. Not surprisingly, the only two Court cases involving the Central and State Governments, those in 1963<sup>47</sup> and 1968<sup>48</sup>, were between the Centre and PAS Government of Kelantan. In the 1969 elections PAS retained control of Kelantan.

42. Ratnam and Milne, op.cit., pp. 120-124.

43. ibid.

44. Kessler, op.cit., pp. 294-295.

45. Alias Mohamed, op.cit., p. 169.

46. See Berita Harian, 19.8.68 and 14.9.68; Straits Times, 19-22.8.68.; and Y. Mansoor Marican, op.cit., p. 153. This tactic succeeded in Trengganu. See Alias Mohamed, op.cit., pp. 1780 and 175: Means, op.cit., pp. 231-232; Milne, R.S. and Mauzy, D.K., Politics and Government in Malaysia, Vancouver, University of British Columbia, 1978, p. 108.

47. Discussed in chp. 2.

48. Discussed in chp. 3.

### The 1969-1974 Period

Emergency rule through the National Operations Council (NOC) at the Centre was imposed following the tragic events of May 1969.<sup>49</sup> The NOC was linked to the State Operations Council (SOC) in each State. During the NOC rule from May 1969 to February 1971 party government and politics were suspended at the Centre and State levels and were reinstated only after the rules governing inter-party competition were changed.<sup>50</sup> The changes, designed to ensure national political stability, tended to strengthen UMNO's dominance.<sup>51</sup>

The decline, if not decay, of the Alliance institution was underlined by its component parties' loss of votes and seats in the 1969 elections. The decline in the MCA's political base and credibility, made worse subsequently by factionalism, and the increasing support given to other essentially Chinese parties were alarming. UMNO's hold on its Malay clientele was considerably weakened by PAS's successful challenge in Kelantan, Kedah and Trengganu. According to Ratnam and Milne, more Malays voted for PAS than for UMNO in Malay majority constituencies where the two parties were engaged in straight fights, probably in these three States.<sup>52</sup> After 1969, the Alliance's claim to represent the majorities of the two communal groups was tenuous. If the key to political stability in Malaysia depended on inter-communal

49. These events occurred immediately after the 1969 general elections. For accounts of these see Abdul Rahman, Tunku, May 13: Before and After, Kuala Lumpur, Utusan Melayu Press Ltd., 1969; Cheng Teik, Goh, The May Thirteenth Incident and Democracy in Malaysia. Kuala Lumpur, Oxford University Press, 1971; Gagliano, F.V., Communal Violence in Malaysia 1969: The Political Aftermath, Papers in International Studies, Southeast Asia Series No. 13, Ohio University Centre for International Studies, Athens, Ohio, 1971; Slimming, J., Malaysia: Death of a Democracy, London, John Murray Pub., 1969; Reid A., "The Kuala Lumpur Riots and the Malaysian Political System", Australian Outlook, Vol. 23, No. 3, Dec. 1969, pp. 258-278. For a discussion of the 1969 elections, see Ratnam, K.J., and Milne, R.S., "The 1969 Parliamentary Election in West Malaysia", Pacific Affairs, Vol. 43, No. 2, Summer 1970, pp. 203-226; Rudner, M., "The Malaysian General Election of 1969: A Political Analysis", Modern Asian Studies, Vol. 4, No. 1, 1970, pp. 1-21; Vasil, R.K., The Malaysian General Election of 1969, Kuala Lumpur and Singapore, Oxford University Press, 1972.

50. Y. Mansoor Marican, op.cit., pp. 168-169 and 198-202; Mauzy D.K., "Consociationalism and Coalition Politics in Malaysia", Unpub. Ph.D. Diss., University of British Columbia, May 1978, pp. 181-186.

51. Mauzy considered these changes necessary. See Mauzy, ibid., pp. 182-183 and Mansoor Marican, ibid., pp. 198 and 202. A New Economic Policy (NEP), designed primarily to uplift the Malays economically, was also begun. For a discussion of this see Milne, R.S., "The Politics of the New Economic Policy in Malaysia", Pacific Affairs, Vol. 49, No. 2, 1976.

52. Ratnam and Milne, op.cit., p. 222.

co-operation and understanding, then the Alliance institution was unsuitable in the post-May 1969 context and had to be replaced. The BN, essentially an extension of the Alliance "formula" by including several opposition parties, was the replacement preferred by Tun Razak and his colleagues in UMNO.<sup>53</sup>

The changes in the rules governing inter-party competition were supported by PAS because it did not want the NOC rule to be continued.<sup>54</sup> If NOC rule were continued PAS leaders and members would be denied, through competitive politics, a political role and access to the "spoils of office" especially in Kelantan and in Kedah and Trengganu where they believed that PAS had real possibilities of capturing power. The changes, however, legally required PAS not to base its appeals on the "sensitive" issues, previously the stuff of PAS politics, and especially on that calling for the restoration of Malay sovereignty. In short, these changes appeared to undercut its potential growth.<sup>55</sup> In addition to these changes, several other reasons persuaded PAS leaders to join the BN coalition and work with UMNO.

First, the legal limits placed upon PAS's traditional political style compelled PAS leaders to seek a practical alternative. Second, they were encouraged by changes in UMNO's leadership, in 1970, which to them represented changes towards their way of thinking.<sup>56</sup> The PAS-UMNO coalition, justified by both sides as essential to Malay unity and the protection of Malay gains, could be further justified by PAS leaders as 'natural' because of UMNO's move towards PAS views.

Third, the electoral support for PAS in Kelantan since 1959 had steadily declined. This had generated fears among PAS leaders (and hopes among UMNO leaders) that Kelantan might eventually come under UMNO rule.<sup>57</sup> They believed that joining the coalition would, apart from 'freezing' UMNO-PAS competition in Kelantan, provide the Kelantan-PAS State Government and PAS members generally with access to Central Government assistance and Governmental power outside Kelantan.<sup>58</sup> This

53. Y. Mansoor Marican, *op.cit.*, pp. 206-207.

54. The return to democracy was on condition that these changes were approved by Parliament. See *ibid.*, pp. 169-170.

55. PAS responded to the changes by emphasizing Islam in place of 'Malay Rights' and, before the formation of the BN, Alliance policies were accordingly criticised for neglecting Islamic and spiritual elements. See *ibid.*, pp. 205-206.

56. Alias Mohamed, *op.cit.*, p. 177. In 1970, Tengku Abdul Rahman was replaced by Tun Razak who in turn rehabilitated Tengku's main political adversaries, Dr. Mahathir and Musa Hitam.

57. See Kershaw, *op.cit.*, p. 526 and Mansoor Marican, *op.cit.*, p. 212.

58. This was through the allocation of posts at the Centre and in the

would thus improve PAS's hold on the Kelantan electorate by its becoming through Central assistance a more effective State Government and by its ability to distribute patronage to its supporters outside Kelantan.

Fourth, factionalism within Kelantan PAS had continuously threatened Asri's position as MB and leader of Kelantan PAS. His PAS opponents were critical of his nepotism, corrupt use of the MB's office and hostile postures towards the Centre.<sup>59</sup> Factionalism, as in Trengganu, could profitably be exploited by UMNO to unseat Asri. Ironically, Asri felt that his hold on power depended on a working arrangement with UMNO.<sup>60</sup>

Fifth, PAS leaders feared that the Central Government's anti-corruption moves might be directed at them if they refused to join the BN. Corruption was believed to be extensive at the State level and, according to Alias Mohamed,

"The need to set up the NBI [National Bureau of Investigation] was considered most urgent in view of the fact that the opposition was in control of two state governments. Obviously the Alliance party had also taken into account the bad experience it had with the PMIP in Kelantan".<sup>61</sup>

PAS-controlled Kelantan had been reduced to one massive "corruption network".<sup>62</sup> The Central Government's anti-corruption drive through the NBI had already resulted in the resignations of two UMNO MBs.<sup>63</sup> They were under no illusions as to what awaited them had they refused to join the BN.

The PAS leaders decision to join the BN, however, was not unanimously supported by PAS's members and hence divided the party.<sup>64</sup> This division, fuelled by Asri's distasteful personal leadership style, further weakened PAS. To those who were against, the coalition represented the betrayal, and indeed the abandonment, of PAS's ideals and political struggles.<sup>65</sup> After all, by joining the coalition PAS

58. (Cont.) other States and was contained in the "Perjanjian 13 Perkara" or 13-Point Agreement which was reproduced in UMNO, Penyata Tahunan, 1973, pp. 142-143. The Agreement allocated specific posts to PAS in the Central and State Governments of Kedah and Trengganu and to UMNO in the Kelantan State Government.

59. Alias Mohamed, op.cit., p. 172 and Mansoor Marican, op.cit., p. 216.

60. ibid.

61. Alias Mohamed, op.cit., p. 176. The NBI, formerly the Anti-Corruption Agency, was established in 1971.

62. Allegations and descriptions of corruptions in Kelantan are graphically described in Mansoor Marican, op.cit., pp. 217-219.

63. Datuk Ahmad Said and Tan Sri Ibrahim Fikri of Perak and Trengganu respectively. See Alias Mohamed, op.cit., p. 173 and Vorys, op.cit., p. 192.

64. See Alias Mohamed, op.cit., p. 170 and Mansoor Marican, op.cit., p. 209.

65. Alias Mohamed, ibid., pp. 170-171.

assumed with UMNO the formal responsibility for protecting the political, economic and cultural interests of both non-Malays and Malays. Remarkably, as Mansoor Marican puts it,

"For a party that began with the objective of restoring Malay sovereignty and regarded non-Malays as temporary residents of the country, this represents a fundamental change, a change brought about in part by its involvement in competitive political processes".<sup>66</sup>

For UMNO PAS's inclusion in the BN was vital for two reasons. First, PAS's previous independent political actions had, through its increasing emphasis on Malay communalism, considerably undermined UMNO's claim as the pre-eminent Malay party and its multi-communal approach to integration: the PAS's independence had to be reduced to protect UMNO's dominance and to ensure the BN's success. Thus, coalition politics seemed most practical in terms of domesticating an implacable party.<sup>67</sup> Second, UMNO wanted to regain access to Governmental power in Kelantan and the coalition would provide for this.

The PAS formally joined the BN Government<sup>68</sup> at the Centre and States on January 1, 1973. The coalition somewhat blurred the 'political distance' between UMNO and PAS and provided the opportunity for developing practical, if not co-operative, Centre-Kelantan relations. Not coincidentally, Central Government assistance, based on the policy of equalisation just then resurrected, was provided for Kelantan.<sup>69</sup> UMNO-PAS relations, however, remained competitive but were conducted within the coalition and Centre-Kelantan relations accordingly remained relations of power. Thus the question of dominance within the BN became crucial. UMNO had unreservedly arrogated and won dominance in the Alliance and this was re-emphasised before the BN's formation. In January, 1971 Tun Razak, then UMNO Deputy President and NOC Director, declared:

"The source of strength of our government lies with the party [UMNO]. UMNO members and leaders must be responsible in determining the guidelines to co-ordinate the policies of the Government and those of the party so that aspirations for change among the people may be fulfilled".<sup>70</sup>

66. Mansoor Marican, *op.cit.*, p. 219.

67. *ibid.*, p. 210.

68. The UMNO-PAS coalition was based on the 13-Point Agreement. See note 58. For a discussion on the BN's formation see *ibid.*, pp. 207-211 and Mauzy, *op.cit.*, pp. 200-235.

69. See chp. 4.

70. Straits Times, 24.1.71.



The non-Malay parties in the BN had accepted UMNO's dominance as a political fact. PAS's response was reserved and contesting, especially when, in its view, UMNO was attempting to extend its dominance into Kelantan.<sup>71</sup> Several events defined the relations of power between UMNO and PAS, hence of Centre and State, and these point towards UMNO's dominance. PAS found this inimical to its interests.

#### The 1974-1978 Period

The 1974 Parliamentary and State elections provided the first electoral test for the BN. Despite the challenge in Kelantan from PAS dissidents<sup>72</sup>, the BN' component parties won all the seats allocated.<sup>73</sup> Soon after, factionalism within Kelantan PAS re-emerged and this centred on the competition for the MB's post. In the Alliance-controlled States the MB was always chosen by the Alliance National President, simultaneously the PM and UMNO President. This practice emphasised UMNO's dominance within the Alliance. Should PAS, however, after joining the BN submit itself to this procedure in the appointment of the Kelantan MB, for long its prerogative? This power was crucial in terms of perpetuating and securing Kelantan for PAS and ensuring that its members past accumulation of profits were not exposed by a hostile MB.

The PAS President, Dato Asri, as a Cabinet Minister, was conveniently out of the race but he wanted his nominee, Wan Ismail bin Wan Ibrahim, appointed as the MB.<sup>74</sup> On him rested the hopes and fortunes of Asri's supporters in Kelantan and, if appointed, he

"would most likely prefer to salvage the interests of his immediate mentor, Dato Mohamad Asri, and close associates".<sup>75</sup>

The PM, Tun Abdul Razak, the BN and UMNO President, rejected Asri's choice. He nominated another PAS Assemblyman, Dato Mohamad Nasir. Nasir was appointed the MB with Wan Ismail as the Deputy MB. Nasir was considered a 'naive' politician by PAS but he was reputed to be

71. See Kamarudin Jaffar, "Malay political parties: An Interpretive Essay", in Southeast Asian Affairs, 1979, Institute of Southeast Asian Studies, Heinemann Educational Books (Asia) Ltd., 1979, p. 125.

72. See Kershaw, op.cit., pp. 527-528 and Alias Mohamed, op.cit., pp. 171-172.

73. PAS, with twenty-two State Assemblymen compared to UMNO's thirteen and MCA's one, was the dominant party in the Kelantan BN. See Appendix I.

74. The former PAS MB was Dato Ishak Lofti, a nephew of Dato Mohamad Asri. Wan Ismail Wan Ibrahim was the Deputy MB to Dato Ishak Lofti in 1974 and was also once the political secretary to Asri in 1973.

75. Alias Mohamed, op.cit., p. 171.

scrupulously honest. Tun Razak's choice was deeply resented<sup>76</sup> and PAS only reluctantly accepted it.<sup>77</sup> Kelantan UMNO, however, welcomed it.<sup>78</sup>

PAS held Tengku Razaleigh, Kelantan UMNO SLC's Chairman and Finance Minister, responsible for rejecting its nominee.<sup>79</sup> The Sultan of Kelantan was also believed to be involved in rejecting PAS's nominee.<sup>80</sup> Nasir was clearly more acceptable to UMNO and it hoped that through him many of the serious problems involving land and administration in the State would be solved.

Within a week of becoming MB, Nasir announced that his first task was to wipe out corruption.<sup>81</sup> UMNO leaders unequivocally endorsed the MB's honesty and supported his moves.<sup>82</sup> Nasir invited the NBI to investigate the alleged corrupt practices of PAS leaders.<sup>83</sup> He also introduced policies that damaged the interests of several PAS leaders and members. For example in 1975, without consulting his party, he cancelled a timber company's lease covering 350,000 acres of land<sup>84</sup> and thus claimed to have 'redeemed' it for Kelantan by paying M\$3.5 million as compensation to the company. The State Government borrowed the money from the Central Government through Razaleigh's good offices.<sup>85</sup>

As the MB, with UMNO's backing and access to Central resources, Nasir was in a position to build up his personal following in Kelantan. Asri, as a Cabinet Minister, was cut off from his Kelantan following and was thus unable to counter Nasir's every move. Nasir's hold on Kelantan PAS, however, was tenuous. He lacked the backing of the men who

76. See Kamlin, M., "The Storm before the Deluge: in Crouch, H., et.al., Malaysian Politics and the 1978 Elections, Kuala Lumpur, Oxford University Press, 1980, p. 38.

77. Kamarudin Jaffar, op.cit., p. 215. Asri, in the midst of the PAS conflict with Nasir in 1977, admitted that the late Tun Razak's appointment of Nasir as the MB of Kelantan was a fait accompli and that PAS reluctantly agreed because it wanted to safeguard the newly-formed BN. See New Straits Times (NST), 29.10.77.

78. Kamlin, op.cit., p. 38.

79. Kamarudin Jaffar, op.cit., p. 217. See also Watan, 19.9.79.

80. Alias Mohamed, op.cit., p. 171.

81. ibid., p. 172.

82. Kamarudin Jaffar, op.cit., p. 217.

83. Alias Mohamed, op.cit., p. 172-173.

84. This was the much publicised 'land deal' mentioned earlier. As Mohamed Nasir recalled, the cancellation of the lease angered some people. See The Star, 6.10.77; and Watan, 19.9.77; Kamarudin Jaffar, op.cit., p. 217.

85. ibid. Apparently the former PAS State Government had already decided to revoke the deal because it believed that the company had violated the agreement. For other examples, see The Star, 6.10.77; Alias Mohamed, op.cit., pp. 171-172; Utusan Melayu, 18.9.77; and Watan, 19.9.77.

controlled the State and National PAS organisation.<sup>86</sup> He thus had to improve his political stocks. In June, 1975 Nasir challenged Asri for the PAS National Presidency, then held by Asri.<sup>87</sup> Nasir's attempt failed but it sharpened factionalism in PAS.

Resentment towards Nasir led to demands, from within PAS, for his resignation and this came from PAS members whose interests were damaged by Nasir's policies.<sup>88</sup> They saw Nasir as having been 'captured' by UMNO, cultivating and becoming closer to UMNO leaders and apparently forgetting that he was a PAS man.<sup>89</sup> They also claimed that he was following Razaleigh's directives rather than that of the PAS's SLC or even the State Exco.<sup>90</sup> These soured relations between the Asri and Nasir factions and consequently also between UMNO and PAS.

Meanwhile, calls for a review of PAS's coalition with UMNO were frequently made and were expressed for example, in the party's Twenty-First Annual Congress of 1975.<sup>91</sup> Leadership changes in UMNO further strained UMNO-PAS relations because the new UMNO leaders were viewed as having little sympathy for PAS.<sup>92</sup> PAS's dissatisfaction over the distribution of the benefits of coalition was also expressed.<sup>93</sup> To this, UMNO leaders expressed irritation and maintained that "we have given them more than we could afford".<sup>94</sup> The PAS leaders were also

86. See Watan, 23.9.77.

87. Alias Mohamed, op.cit., p. 171.

88. ibid.

89. Bangkok Post, 11.11.77. See also Editorial, Utusan Melayu, 15.9.77.

90. Kamarudin Jaffar, op.cit., p. 217 and NST, 16.10.77.

91. Alias Mohamed, op.cit., p. 177. The threat of PAS's withdrawal was taken seriously and the BN and Kelantan UMNO did consider whether they could hold on to the State if PAS withdrew. See The Star, 11.8.76.

92. UMNO-PAS coalition negotiations were conducted by Tun Razak and Dr. Ismail, respectively the PM and Deputy PM and also the UMNO President and Deputy President, on the one hand, and Dato Asri, PAS President, and Abu Bakar Hamzah, on the other. See Mansoor Marican, op.cit., p. 209. Dr. Ismail and Tun Razak died in 1973 and 1976 respectively. Asri had Abu Bakar Hamzah expelled from PAS in 1974. Only Asri was left to fulfil the various unwritten agreements between the two parties. Asri now had to conduct relations with Dato Hussein Onn (the PM and UMNO President), Dr. Mahathir (Deputy PM and UMNO's President) and Tengku Razaleigh (Finance Minister, UMNO's Vice-President and Chairman of Kelantan UMNO SLC). Both Mahathir and Razaleigh have their respective political bases in PAS stronghold States of Kedah and Kelantan respectively. Kamarudin Jaffar suggested that both Mahathir and Razaleigh "perhaps saw the emasculation of PAS as one of the ways for strengthening UMNO in their States as well as maintainin their own standing within UMNO". Kamarudin Jaffar, op.cit., p. 217.

93. Alias Mohamed, op.cit., p. 177.

94. Quoted in ibid. The PAS dissatisfaction appeared to centre on its failure to penetrate the established institutions of society, like the bureaucracy and the army.

persistently attempting to make common cause with extreme Islamic groups. During the 1977 PAS Annual General Assembly, for example, Asri expressed reservations, based on Islam, about the suitability of western democratic practice. These irritated UMNO leaders<sup>95</sup> and further nourished the climate of mutual suspicion.

Many in PAS wanted to make a stand on the party's rights and interests within the coalition, especially in Kelantan. If not they might lose their Kelantan following to Nasir and UMNO. This stand came in 1977 and was directed at UMNO and Nasir. The resulting political conflict in Kelantan had its roots, however, in the divisions caused by the 1974 appointment of Nasir. According to a Malay newspaper editorial, the group opposed to Nasir

"disretui oleh beberapa pucuk pimpinan tertinggi PAS. Jadi jelaslah krisis yang berlaku sekarang bukan sesuatu yang baru, krisis ini sudah membengkak begitu lama".<sup>96</sup>

[Translation:

"was supported by the highest level of the PAS leadership. Clearly this crisis is not new and that it has been building up for a long time."]

Nasir had written to PAS President, Asri, indicating that he would retire on August 31, 1977.<sup>97</sup> The date came and went without his resignation.

On September 10, 1977, the Kelantan PAS SLC, chaired by Dato Ishak Lofti, demanded the resignation of Nasir for allegedly obstructing State party affairs.<sup>98</sup> Nasir, however, questioned the propriety of this decision, taken without prior approval of the BN Supreme Council (SC) and motivated by dissatisfaction over his anti-corruption policies; he refused to resign.<sup>99</sup> The PAS SLC, on September 11, 1977, gave notice of a motion of no-confidence against the MB to the SLA's Secretary.<sup>100</sup> The PAS Religious Council, several National and State PAS leaders and other groups in Kelantan supported Nasir's stand.<sup>101</sup> The National PAS

95. ibid., p. 178 and Kamarudin Jaffar, op.cit., p. 216.

96. Utusan Melayu, 15.9.77.

97. Kamlin, op.cit., p. 40.

98. NST, 21.9.77. A group of 16 PAS Assemblymen had initially started moves to demand the resignation of Nasir as MB. See Utusan Melayu, 14.9.77. He was given until September 20, 1977, to resign. See Berita Harian, 17.9.77. For Nasir's reasons as to why the PAS Assemblymen moved against him, see Utusan Melayu, 17.9.77, 18.9.77 and 24.9.77.

99. The Star, 17.9.77 and 21.9.77. Nasir alleged that Asri was behind the PAS SLC's decision. He said that the PAS SLC met very soon after Asri appointed Lofti as its Chairman. See The Star, 19.9.77 and Watan, 20.9.77.

100. NST, 21.9.77.

101. The Star, 21.9.77; Bintang Timor, 22.9.77; PAS alleged that Razaleigh and Kelantan UMNO supported Nasir. See Watan, 18.9.77.

Central Executive Committee (CEC) meeting of September 26, 1977, chaired by Asri, demanded Nasir's resignation within three days.<sup>102</sup> After consulting Dr. Mahathir, then acting PM, Nasir announced that he would not resign.<sup>103</sup> On September 29, 1977, the PAS CEC voted, although not unanimously, to expel Nasir from PAS for not adhering to its earlier decision.<sup>104</sup> This provoked several resignations from and sharpened the divisions within Kelantan PAS.<sup>105</sup> Nasir announced that he would challenge the expulsion order in Court.

Expelled from PAS, Nasir was, in principle, no longer a BN member. Thus, as a partyless MB he could not be protected by UMNO and MCA votes in the SLA. Dato Hussein Onn, the PM, BN and UMNO President, declared that the BN would also have to decide on this.<sup>106</sup> Nasir urged the BN to intervene but Asri argued against this, insisting that the conflict was an internal PAS affair.<sup>107</sup> Later the PAS CEC's expulsion decision was considered 'technically' invalid and Nasir was restored to PAS membership.<sup>108</sup> However, a special PAS CEC meeting of October 10, 1977 again decided by 13 votes to 7 to expel Nasir.<sup>109</sup> With this Kelantan PAS pursued its no-confidence motion in the SLA. This was a reassertion of PAS dominance in Kelantan. It challenged UMNO's presumption of dominance precisely by sacking the MB who was unmistakably UMNO's choice.

UMNO could not remain 'neutral'.<sup>110</sup> Two days before the SLA meeting the Kota Baru High Court restored Nasir to PAS membership.<sup>111</sup> At the October 15, 1977 meeting of the SLA the no-confidence motion against the MB was passed: surprisingly, all 20 PAS Assemblymen voted for and Nasir, 12 UMNO and 1 MCA Assemblymen walked out while the votes were counted.<sup>112</sup> Hussein Ahmad, the UMNO leader in the SLA, declared

102. The Star, 27.9.77. See also Utusan Melayu, 28.9.77 and Berita Harian, 1.10.77.

103. NST, 28.9.77 and 29.9.77.

104. Ibid., 30.9.77 and The Star, 30.9.77.

105. See NST, 3-4.10.77 and The Star, 3-4.10.77.

106. The Star, 1.10.77.

107. See NST, 3.10.77 and 5.10.77, and The Echo, 5.10.77. Dr. Mahathir, indicating that UMNO had prepared a report for Hussein ONN, supported Nasir's suggestion that the PM should resolve the crisis. See NST, 8.10.77.

108. The Star, 5.10.77 and NST, 7.10.77.

109. NST, 11.10.77 and The Star, 11.10.77.

110. The 13 UMNO and 1 MCA Assemblymen had tacitly supported Nasir, apparently with the prodding of Razaleigh. See Watan, 19.9.77. See also Utusan Melayu, 12.10.77 and NST, 13.10.77.

111. NST, 14.10.77 and The Star, 14.10.77.

112. The Star, 16.10.77. See also The Star, 17.10.77. It was later revealed that PAS Assemblymen were not united over the no-confidence motion. Hussein Yaakob (Assemblyman for Telipot), on resigning as PAS Kota Baru Division Deputy President, revealed that several PAS Assemblymen had opposed the motion. If the voting had

that UMNO would not co-operate with any new State Government formed by the same PAS group.<sup>113</sup> Nasir, encouraged by massive public demonstration of support, requested the Regent of Kelantan for the SLA's dissolution.<sup>114</sup> The 20 PAS Assemblymen had apparently written to the Regent before the SLA meeting requesting him not to dissolve the SLA if requested by the MB.<sup>115</sup> The Regent, not suprisingly, tried to sit on the fence.

The Kelantan PAS SLC, meanwhile, had decided on an all-PAS line-up for a new State Government with a new MB, one of the 20 PAS Assemblymen.<sup>116</sup> PAS hinted that his line-up could form the new BN State Government.<sup>117</sup> Asri justified UMNO's exclusion by referring to the example of Sabah where the State Government was made up of only one party (Berjaya) and excluded the other (United Sabah National Organisation - USNO) which was also a BN member.<sup>118</sup> Razaleigh insisted that Hussein Onn must approve PAS's line-up and that the BN concept required UMNO's inclusion.<sup>119</sup> Asri replied that UMNO's participation depended on the Kelantan PAS SLC and the new PAS MB whose name would be submitted to Hussein Onn for approval.<sup>120</sup> It seemed that, with the Regent's indecision over the SLA's dissolution, Nasir's unwillingness to resign, and no agreement between UMNO and PAS over the composition of a new State Government, a political impasse had emerged. Negotiations between UMNO, PAS and Nasir were begun and three 'peace' formulae were presented and discussed but the political impasse remained unresolved.<sup>121</sup> UMNO and PAS were not able to agree on this: which party should appoint the new MB and determine the composition of the

112. (Cont.) been secret, he and several other PAS Assemblymen would have voted against. Not all branches and divisions of State PAS organization supported Asri and Kelantan PAS leaders. See The Star, 22.11.77 and Utusan Melayu, 22.11.77.

113. UMNO Exco members were also expected to resign. See ibid.

114. The Star, 17.10.77. The Sultan of Kelantan was then the Supreme Monarch or Yang Di-Pertuan Agong of the Federation. Support for Nasir was expressed in several public demonstrations, several of which degenerated into violence and were followed by the impositions of curfews. See NST, 20-23.10.77. PAS alleged that these demonstrations were stage-managed by UMNO. See Bangkok Post 11.11.77.

115. NST, 18.10.77.

116. ibid.

117. The Star, 18.10.77 and NST, 17.10.77 and 19.10.77.

118. NST, 17.10.77.

119. ibid.

120. NST, 19.10.77 and The Star, 19.10.77.

121. For the first formula and arguments over it, see The Star, 23-25.10.77 and 28.10.77, and NST, 28.10.77. For the second formula and arguments over it, see The Star, 26.10.77 and NST, 27-29.10.77, 31.10.77 and 1.11.77. For the final formula and arguments over it, see NST, 2-3.11.77 and 7-8.11.77.

State Exco. PAS considered this to be its prerogative in Kelantan but UMNO was not willing to concede this even in Kelantan. Five PAS members in the Central Government resigned subsequently.<sup>122</sup>

On November 8, 1977, a State of Emergency was declared and Kelantan placed under Central authority.<sup>123</sup> A Director of Government, directly responsible to the PM, with all the authority, powers, duties and functions of the MB and State Exco was appointed to administer Kelantan. The Director, Hashim Aman<sup>124</sup>, was advised by a State Advisory Council<sup>125</sup> of which he was the Chairman. The PM admitted that this, politically, would reduce the MB, Exco and SLA to mere "puppets".<sup>126</sup> Nasir and 3 UMNO Assemblymen remained as MB and Exco members respectively. The status of PAS within the BN, however, remained to be settled. The UMNO SEC meeting of December 9, 1977, decided that, to maintain BN party discipline, PAS should be given until December 13 to expel those PAS MPs who voted against the Emergency Bill or face expulsion from the BN.<sup>127</sup> Hussein Onn explained that this decision was aimed primarily at the present PAS leadership and if, after the party was expelled,

"a new leadership takes over later and apply to rejoin the Barisan we will consider their request".<sup>128</sup>

The BN SC endorsed UMNO's decision.<sup>129</sup> PAS duly refused to comply and on December 14, 1977 Asri announced that PAS considered itself expelled

122. NST, 9.11.77. These included Asri (Minister of Land and Regional Development, Abu Bakar Umar (Deputy Minister of Health), Mustapha Ali (Deputy Minister of Science, Technology and Environment), Zahari Awang (Parliamentary Secretary to the Housing and Village Development Ministry), and Hj. Abdul Wahab Yunus (Parliamentary Secretary to the Ministry of Finance). PAS Deputy President, Hassan Adli (Minister of Local Government and Federal Territory), did not resign and was expelled from the party by the PAS CEC. See NST, 9.11.77. The PAS also directed the six PAS Exco members in Kelantan to resign. See NST, 17.11.77 and The Star, 17.11.77. In Trengganu, initially, PAS continued to support the BN State Government but later PAS State Exco members resigned. See The Star, 15.12.77.

123. The Emergency Powers (Kelantan) Bill, 1977. See discussion in chp. 2.

124. A senior Malaysian Administrative and Diplomatic Service Officer who, before the appointment, was Secretary-General of the Ministry of Defence.

125. This Council comprised the State Secretary, State Financial Officer, State Legal Adviser, the State Director of Lands and Mines, the Chief Police Officer and up to four other officers to be appointed by the PM.

126. The Star, 9.11.77.

127. ibid., 10.12.77.

128. NST, 1.11.77.

129. The Star, 14.12.77.

from the BN.<sup>130</sup> On December 17, PAS was expelled from the BN. Meanwhile, Nasir announced the formation of another party, Barisan Jumaah Islamiah Malaysia (Berjasa), and pledged co-operation with UMNO.<sup>131</sup> The split within PAS had now taken organisational form.

For about two months before Central rule, the Kelantan State Government was paralysed. Under the State Constitution the Regent could dissolve the SLA in preparation for new State elections but he was indecisive. Hussein Onn explained that this was probably because the Regent feared that his decision might create friction among the various groups.<sup>132</sup> The Regent's indecision, possibly prompted by fatherly advice of the Sultan of Kelantan, indicated keen interest in the political manoeuvrings within PAS and between PAS and UMNO.<sup>133</sup>

On February 12, 1978, after a four-month period of very 'dynamic' State Government by a development-orientated Federal Director, Emergency rule was lifted. Full governing powers were returned to Nasir and the three UMNO Exco members.<sup>134</sup> After the MB's request the Regent dissolved the SLA on February 13, 1978. A caretaker State Government with Nasir as MB, Hussein Yaakob<sup>135</sup> as Deputy MB, and the previous three UMNO Exco members was formed.<sup>136</sup> A partial UMNO-Berjasa electoral pact was agreed for the State elections scheduled on March 11, 1978.<sup>137</sup> In the elections PAS won only two seats, UMNO twenty-two seats, MCA one seat and Berjasa eleven seats.<sup>138</sup> A BN State Government was formed with an UMNO MB and several Berjasa Assemblymen as Exco members.<sup>139</sup> Thus, UMNO dominance in Kelantan, lost in 1959, was re-established and Kelantan ceased to be the exception to the rule.

130. ibid., 15.12.77.

131. ibid., 13.12.77.

132. ibid., 9.11.77.

133. It is difficult to ascertain the role of the Regent and the Sultan of Kelantan in this beyond speculation. As noted earlier, Asri and his PAS faction were not the Sultan's favourites. See note 80. The Regent's indecision might be because of the Sultan's attempts, but unsuccessful, to find an acceptable alternative to the Asri faction.

134. NST, 13.2.78. All the PAS Exco members had resigned after the imposition of Central rule.

135. The PAS Assemblymen who had earlier declared his support for Nasir. See note 112.

136. The Echo, 14.2.78 and NST, 14.2.78.

137. NST, 16-18.2.78. There was a partial BN-Berjasa electoral pact which covered 23 seats. Of these UMNO contested ten, MCA one and Berjasa 12 seats against PAS. Of these seats UMNO won 9, MCA 1, Berjasa 11 and PAS 2 seats. There were three-cornered contests (not including Independents) involving UMNO, PAS and Berjasa in 13 seats. UMNO won all 13 seats. See NST, 23.2.78 and 13.3.78.

138. See Appendix I. See also NST, 15.2.78. For an account of the election see Kamlin, op.cit., pp. 37-68.

139. NST, 20.3.78 and The Star, 24.3.78. Former MB, Nasir, would be appointed a Cabinet Minister.



### Discussion and Conclusion

The federal system, by providing opportunities for a party to win power at the State level had made possible the exception of Kelantan controlled by an opposition party. Although the Peninsula Malaysia Federation is a tight one with a very strong Centre, States are provided with certain powers, especially over land<sup>140</sup>, and can be effective centres of political patronage with which the governing party can reward loyal and potential supporters. The PAS Government in Kelantan used such powers to disburse patronage and resist the implementation of Centrally-financed development projects.

The PAS used Kelantan as the political base from which to challenge UMNO's pretensions as the pre-eminent Malay party and its model of multi-communal integration. In this way PAS was able to nourish the dedication and hope of its members in other States and it hoped to displace UMNO as the pre-eminent party at the Centre. For UMNO, PAS-controlled Kelantan had to be tamed lest the exception eventually became the rule.<sup>141</sup> For PAS, Kelantan as an indispensable

140. The Central Government has substantial powers which could be used to challenge States' power over land, especially in the field of national development. These powers, for example, under Article 92 of the Constitution, have not been used, so far, by the Central Government to compel a State to alienate State land for National Development purposes.

141. A somewhat similar exception was also represented by Singapore when it was still in the Federation and then controlled by the Peoples Action Party (PAP). The PAP's challenge to the Alliance's multi-communal integrative and developmental strategy proved to be more unmanageable and eventually led to what can be termed as 'divorce by agreement' of Singapore from the Federation in 1965. See Leifer, M., "Singapore in Malaysia: The Politics of Federation", *Journal of Southeast Asian History*, Vol. 6, No. 2, Sept. 1965, pp. 54-70; Milne, R.S., "Malaysia: Internal Strains and Stresses", *Australia's Neighbours*, 4th Series, No. 11-12, Jan-Feb., 1964, pp. 1-3; Milne, R.S., "Singapore's Exit from Malaysia: The Consequence of Ambiguity", *Asian Survey*, Vol. 6, No. 3, March 1966, pp. 175-184; Parmer, N.J., "Malaysia 1965: Challenging the Terms of 1957", *Asian Survey*, Vol. 6, No. 2, February 1966, pp. 111-118. PAP's Singapore was similar to PAS's Kelantan in that the opposition to the Alliance and UMNO Centre was communally based on the Chinese and Malays respectively. Similarly, the Gerakan Rakyat Malaysia's (GRM-Peoples' Movement of Malaysia) success in winning control of the State Government of the predominantly Chinese Penang in 1969 posed a threat to the Centre. Unlike Kelantan and Penang, Singapore had more formal and financial powers within the Federation and the PAP could sustain a Singapore-based opposition to the Centre, just like a Parti-Quebecois' opposition to Ottawa. Singapore's belligerent opposition to the Centre could presumably be stopped in its track by the imposition of Central rule through a declaration of Emergency in Singapore by Parliament. However, as long as Singapore remained within the Federation, with its constitutional powers and rights intact, the Singapore problem would remain and could continue to be the base for opposition

power base had to be maintained and secured.<sup>142</sup> Consequently, UMNO-PAS competition for control of Kelantan generated Centre-State tensions but without the federal system that competition could not have been so effective. Thus, the combination of communal and national politics with the federal system provides added significance to States as centres of power. As Enloe correctly emphasised,

"The importance of state regimes and thus state level politics in western Malaysia [Peninsula Malaysia] stemmed from their relationship to the model of national ethnic integration on which the Alliance [UMNO] has staked its power".<sup>143</sup>

PAS claims to be a National party and appeals to State and National electorates. Support for PAS, however, has been consistently strongest in Kelantan. Its success varies directly with the 'Malayness' of States - the degree of Malay concentration in each State. That this kind of situation can provide the basis for regionalism in a federation was suggested by Hicks and supported by Watts and Means.<sup>144</sup> However, the 'Malayness' or homogeneity of States as such cannot adequately explain PAS's success in Kelantan. It is the elements or ingredients making this 'Malayness' specifically 'Kelantanese' that are crucial. These include the socio-economic and cultural milieu, the pattern of divisions and elite competition, and the patron-client links in Kelantan society. These define Kelantan's 'regionalness' and, after PAS captured

141 (cont.) parties to argue their respective cases against the Centre.

Mutually 'agreed' separation was the option taken to solve the Singapore problem. With Singapore's departure the racial balance. Nationally, returned to one of Malay dominance. With the benefit of hindsight, the separation of Singapore from the Federation was contrary to Emerson's belief that communal distribution throughout the country prevents any geographical possibility for separation. See Emerson, R., Representative Government, in Southeast Asia, Cambridge, Harvard University Press, 1955, p.91.

142. See Ratnam, K.J., and Milne, R.S., The Malayan Parliamentary Elections of 1964, pp. 154 and 193. See also Kershaw, op.cit., p. 524 and Appendix B. 'State's rights has an added meaning to PAS and for this reason, as Kershaw suggested, it supported the assertion by Kalong Ningkan, the Chief Minister of Sarawak, of State's rights in his conflict with the Centre in 1966. See Kershaw "Politics in Kelantan, West Malaysia", p. 59. This case is discussed in chp. 2.

143. Enloe, C.H., "The Neglected Strata: States in the City-Federal politics of Malaysia", Publius, Spring 1975, p. 157.

144. See "Discussion" in Hicks, U.K., et.al., Federalism and Economic Growth in Underdeveloped Countries, London, Allen and Unwin, Ltd., 1961, p. 65; Watts, R.L., Multicultural Societies and Federalism, Studies of the Royal Commission on Bilingualism and Biculturalism, Ottawa, Information Canada, 1971, p. 2; Means, G.P., "Federalism in Malaya and Malaysia", in Serbyn, R., ed., Federalisme et nations, Montreal, Presses de l'Univ. du Quebec, 1971, pp. 236-237; and Dikshit, R., The Political Geography of Federalism: an inquiry into origins and stability, Macmillan Co., India, 1975, p. 236.

power here, its 'political distance' vis-a-vis the Centre and other States seemed complete.<sup>145</sup> As such, several conditions and interests were and still are present. 'Malayness' helps by making Kelantan a fully-fledged Malay society and thereby creating conditions

"wherein modern politics were intra-Malay politics centering upon divisions within Malay society rather than (as elsewhere in the peninsula) being dominated ... by interethnic issues".<sup>146</sup>

PAS used these ingredients and conditions to successfully mobilize the Kelantanese for competitive and electoral politics against UMNO. its success in this was considerably influenced by the active support it received from the leaders of rural society, especially religious leaders<sup>147</sup> - the gurus, mubhalirs and imams - who were and still are influential as opinion-leaders. UMNO tried to win their support through financial and other inducements.<sup>148</sup> PAS's success was rooted in the conditions and interests derived from within Kelantan itself.<sup>149</sup> Thus, PAS was a firmly Kelantan-based, if not a Kelantan, party.

In the other States PAS's competitive and electoral performances were poor and uneven. It won control of Trengganu in 1959 but lost it in 1962 after an UMNO-inspired defection. Only in the 1969 elections did it achieve reasonable success in Trengganu and Kedah, significantly the States 'closest' to Kelantan. UMNO was and remains dominant in the other States. Several reasons account for this. First, the distinctive conditions and interests in Kelantan were not present to the same degree in other States. In Kelantan these have produced, for example, a tradition of competition between the traditional and non-traditional elites which was expressed after Independence in terms of UMNO-PAS rivalry. No similar tradition of similar scale and significance was expressed in other States. In these States there was competition for influence, if not control, of the State but these were essentially

145. Similarly Nash wrote that Kelantan "has a cultural cast, an economic pattern, a social organization, and a political stance that differentiates it from the larger society and political system of which it is a party. Nash, "Ethnicity, Centrality and Education in Pasir Mas", p. 243. Some would argue that the distinctive Kelantanese political stance is embedded in its political culture, described by Kershaw as the "orientation towards opposition". See Kershaw, "The 'East Coast' in Malayan Politics", p. 529, note 39, and p. 531.

146. Kessler, op.cit., p. 281.

147. Ratnam and Milne, op.cit., p. 190.

148. ibid., p. 415.

149. Kessler, op.cit., p. 293. See also Moore, op.cit., p. 75.

intra-traditional elite affairs. UMNO, however, had co-opted such elites<sup>150</sup> who before Independence were involved in 'court' politics.<sup>151</sup> Not surprisingly UMNO also fell heir to the traditional factionalism dividing the traditional elites.<sup>152</sup> UMNO also successfully recruited lesser elites - like Malay school teachers.<sup>153</sup> Thus, in these States UMNO successfully co-opted the power structure within Malay society which was used successfully to mobilize the Malays. Means argues that

"In most instances, UMNO merely incorporated existing Malay political and administrative office holders into the party, thus capitalizing on a political communication and authority system already in existence".<sup>154</sup>

In these States, unlike Kelantan, electoral and party politics emphasised the durability of the traditional acceptance of the traditional elites' leadership. This implies a difference in the political culture and tradition between that in Kelantan and that in other States, especially concerning political attitudes of ordinary Malays to the States' traditional elites.

This leads to the second reason which refers to the role of rural and religious elites in Malay society. In Kelantan PAS was successful in mobilizing such elements in opposition to UMNO. In the other States, however, according to Ratnam and Milne,

"the Alliance (UMNO) often had the upper hand; this, however, was not of equal significance since in these states the religious elites were both less active and less politically influential. This difference is perhaps best explained in terms of the more traditional nature of Kelantan society, a fact which has helped to sustain the influence of traditional opinion-leaders. Helped by the continuance of traditional values and relationships, there was also proportionately a greater number of religious leaders in that State".<sup>155</sup>

150. See Means, Malaysian Politics, p. 194; Moore, op.cit., p. 63. See also note 14.

151. For a discussion of such 'court' politics see Gullick, J.M., The Indigenous Political Systems of Western Malaya, London, The Athlone Press, 1958.

152. Moore, op.cit., pp. 63-63 and 330.

153. Means, op.cit., p. 195.

154. ibid., p. 21.

155. Ratnam and Milne, op.cit., p. 415 and chp. 1X(a). The position and importance of religious leaders in Kelantan society was sustained by a pattern of social organization within which religion and religious education were emphasised especially through the suraus and pondok system.

In short, because the other States were less traditional in nature, the religious elites were proportionately smaller in number and less active and politically influential than in Kelantan. Further, their allegiance, together with that of other lesser elites, was to UMNO. Thus, those elements of society that PAS depended on and successfully mobilized in Kelantan were in the other States supporting UMNO.

In the competition for control of Kelantan, between 1959 and 1969, UMNO had several things in its favour. First, it had ready access to the Centre's resources which it used to undermine the PAS Government's effectiveness. Second, there was no viable alternative to the UMNO-dominated Alliance at the Centre. Nevertheless, PAS retained control of Kelantan, although its electoral support declined. It failed to win control of the Centre and its only prospect of winning power remained confined to the State level.<sup>156</sup>

After the 1969 elections, several reasons drew the two implacable foes into a coalition. However, UMNO-PAS rivalry persisted and centred on the issue of dominance within the BN. Both attempted to cultivate and consolidate their hold on the Malays. Already PAS had to pay a high price for joining the BN when, after the 1974 elections, the PM selected the MB. The political crisis of 1977 having its roots in the 1974 appointment of Nasir was shaped by the unrelenting UMNO-PAS rivalry. Intentionally or not, this appointment worked to UMNO's benefit for several reasons. First, Nasir, opposed by the Asri faction who controlled the Kelantan PAS SLC and National PAS CEC, was made dependent on UMNO and the Centre. Second, encouraged by UMNO, Nasir became the focal point for the coalescence of an alternative Kelantan PAS leadership. With access to Central resources, he was capable of widening his personal following in Kelantan to the detriment of the Asri group. Consequently, and third, internal divisions were generated and these hampered and weakened Kelantan PAS. The Asri group, threatened by Nasir's moves against corruption and facing the prospect of the irretrievable loss of its Kelantan following, initiated moves within PAS and the SLA to oust Nasir as MB.

Nasir was duly expelled from PAS and voted out in the SLA. However, supported by UMNO, he did not resign and, intriguingly the

156. On this Ratnam and Milne wrote: "As long as the PMIP attempts to consolidate its support through uncompromising religious propaganda and by evoking hostile feelings towards the non-Malays, it will forfeit all chances of ever gaining control of the Central Government. Its tactics may have been ideally suited to help it to come to power in Kelantan and Trengganu in 1959, but they can have little appeal in the more advanced states in western and southern Malaya". Ratnam and Milne, op.cit., p. 51.

Regent did not dissolve the SLA on Nasir's request. UMNO-PAS negotiations to overcome the impasse proved fruitless. With each new round of negotiations UMNO, sensing an opportunity and gaining in confidence, hardened its attitude and PAS was finally presented with an ultimatum. PAS rejected this and Central rule was imposed.

The period of Central rule provided the opportunity for advertising the determination of the Centre and of UMNO to establish, in contrast to PAS, a clean, efficient and effective State Government especially by introducing and accelerating development projects. The PAS leaders, discredited by allegations of corruption, dispirited and disunited, were further weakened by the loss of its support to the new Berjasa party. UMNO sensed that the opportunity to regain dominance in Kelantan had arrived and suddenly on February 12, 1978, Emergency rule was lifted, the SLA dissolved and State elections scheduled. In the elections PAS, facing a partial UMNO-Berjasa pact, performed abysmally and lost its dominance to UMNO.

Several reasons accounted for PAS's failure to secure Kelantan as the exception. First, UMNO's ruthlessness in pursuing its self-appointed task. Second, PAS, discredited, dispirited, disunited and burdened by a history of administrative inefficiency, corruption and internecine factionalism, had its previous pure soul and image successfully challenged by, if not lost to, a devout and self-effacing Nasir and his Berjasa party. Consequently, the Kelantan PAS was unable to mobilize its traditional Kelantan following who were already divided, bewildered and disenchanted. PAS's task was made more difficult by UMNO-Berjasa co-operation. Third, UMNO's access to Central resources enabled it to cultivate and secure the support of followers and clients. It suggests that UMNO-promised development, which had failed to convince the Kelantanese before 1978, was acceptable as long as it was not perceived as corrupting. Fourth, the pace of events after the no-confidence vote worked to UMNO's advantage. If the Regent had immediately dissolved the SLA and PAS was still a BN member it might have performed better. Then UMNO still believed that PAS's hold on the Kelantanese was strong. Thus, even if UMNO had wanted to discipline PAS for provoking the crisis, it probably would not expel PAS from the BN for fear that PAS might still have won Kelantan and then take Kelantan back to its pre-coalition 'independent' ways. Furthermore, an immediate expulsion of PAS could have worked to its advantage by portraying it to Kelantanese as the innocent victim of the Centre's power play. The delay thus enabled UMNO to gauge and undermine PAS's support and to generate a

sense of crisis and urgency which provided the excuse for the imposition of Central rule. PAS's expulsion from the BN followed soon after. After Central rule was withdrawn UMNO, newly confident, offered only a partial pact to Berjasa but still won all 13 three cornered contests in the State elections.<sup>157</sup> PAS would have done better if it had still been in the BN.

From 1959 to 1978 several phases of Centre-Kelantan relations can be identified. First, between 1959 and 1969 when the relations were shaped by intense UMNO-PAS competition thereby emphasizing the 'political distance' between UMNO and PAS and between Centre and Kelantan. Second, after NOC rule, between 1971 and 1977 when UMNO-PAS competition was conducted within the BN thereby blurring somewhat the 'political distance' between UMNO and PAS and providing the basis for practical Centre-Kelantan relations. Third, during Central rule and the 1978 elections when UMNO won control of Kelantan thereby returning it to the dominant pattern of Centre-State relations. Throughout the three phases State and National UMNO leaders employed the resources of the Centre.

The Kelantan case suggests that several other conditions, apart from the federal system, are required to secure the survival of State-based parties. First, the presence and importance of State-derived economic, social, political and cultural forces in the State's political process. A party can then feed on and reflect these forces in mobilizing State voters. PAS's ability to do this largely contributed to its success in Kelantan. A second requirement is unity and cohesion in the State-based party. Not coincidentally, PAS, weakened by divisions and a formal split failed to mobilize the Kelantan voters and suffered electorally in 1978. Third, State-based parties must come to a practical and working arrangement with an UMNO-dominated Centre especially so within the tightly-knit Federation of Peninsula Malaysia. This is premised on the fact that the State Government's effectiveness depends on Central assistance and there is no viable alternative to an UMNO-dominated Centre. Furthermore, on its past records, UMNO will assert its dominance at the Centre or State by almost any means. Thus, at the very least, State-based parties controlling State Governments must accept, grudgingly perhaps, UMNO's dominance and approach to multi-communal integration in return for Central assistance which is crucial in establishing an effective State Government.

The Federal system, to function effectively, requires a State and

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<sup>157</sup>. See Note 137.

National leadership that is tolerant of political diversities. The Kelantan case suggests that although Central UMNO leaders were implacably opposed to PAS-controlled Kelantan, it was nevertheless tolerated for a long time. This does not mean that they eschewed any conceivable opportunity to undermine PAS in Kelantan. It does mean, however, that Central leaders - whatever their wishes - simply have to tolerate State-based oppositions which are invulnerable in their State.



Conclusion: The Federal Factor

Harold Laski's insistence over the end of federalism<sup>1</sup> was premature; as it turned out and as Max Beloff indicated, federalism and the federal device were becoming increasingly popular.<sup>2</sup> For Peninsula Malaysia, as a whole, the federal device was first used in the establishment of the Federation of Malaya in 1948 and, subsequently, the Independent Federation of Malaya in 1957.

The resort to the federal device may not necessarily be 'logically' suggested by the history of Peninsula Malaysia. Nevertheless, history played its part. Carnell puts it rather strongly:

"In Malaya, federalism was as inevitable as in Nigeria. It was the outcome of the British system of ruling through the sultans of protected Malay States, and a response to the problems posed by the survival of nine Malay monarchies. In 1946 the mystique of monarchy was so strong among local British officials and Malay nationalists as to rule out any possibility of the formal apparatus of a unitary state." 3

Thus, the historical net has to be cast backwards to the Pre-British period precisely because the institutions of the Sultanate in each State - on which British rule was founded - were the heart of the indigenous political system which in turn had its roots in the Malacca Sultanate.<sup>4</sup> As Bedlington argued

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1. Laski, H.J., "The Obsolescence of Federation", The New Republic, Vol. LXXVXVlll, No. 1274, May 3, 1939, p. 369.
  2. Beloff, M., "The 'Federal Solution' in its Application to Europe, Asia, and Africa", Political Studies, Vol. 1, No. 2, June 1953, p. 114. For a recent study of the federal idea see Davis, S.R., The Federal Principle: A Journey Through Time in Quest of a Meaning, Berkeley, University of California Press, 1978.
  3. Carnell, F.G., "Political Implications of Federalism in New States", in Hicks, U.K., et.al., Federalism and Economic Growth in Underdeveloped Countries, London, George Allen and Unwin Ltd., 1961, p. 58.
  4. Bedlington, S.S., Malaysia and Singapore: the building of new states, Cornell University Press, 1978, p. 28. For a good account of the indigenous political system in Peninsula Malaysia, see Gullick, J.M., Indigenous Political System of Western Malaya, London, University of London, The Athlone Press, 1969.

"The pattern of indigenous political culture established by the Malacca Sultanate has thus given an aura of legitimacy to its successors [the nine Malay monarchies] on which to **erect** a federalized state system rather than one central political authority." 5

But the impact of history in the various States was, unsurprisingly, neither unilinear nor even. The consequences of this differential impact were manifested in the establishment of three separate political units - the Unfederated Malay States (UFMS), Federated Malay States (FMS) and Straits Settlement States - covering Peninsula Malaysia, in the different patterns of economic organization and activities, and in the different patterns of social, cultural and communal developments. Centralisation and uniformity of rule and administration were goals pursued by the British but these were not evenly achieved in all States, thus indicating the differing levels of resistance and resilience of States' indigenous systems. What emerged were States with dissimilar political and administrative traditions, economic structures and stages of development, and communal composition. In each State the Sultan was and still remains the symbol of authority, if not the focus of loyalty. These then were the legacies upon which the federal device was placed. In that sense the presence of federalism in Peninsula Malaysia may be attributed to the existence of political distinctions bounded by the political role of the Sultans and their States<sup>6</sup> and the powerful loyalties, especially among Malays, attracted by the Sultans and the States.<sup>7</sup> It may also, by extension, be attributed to the different patterns of social, cultural, and communal development in the various States and the differences in their economic activities and levels of economic development.<sup>8</sup>

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5. *ibid.*

6. The view of Bedlington. See *ibid.*, p.142.

7. The view of Milne. See Milne, R.S., "Politics and Government", in Wang Gung Wu, ed., Malaysia : A Survey, London, Pall Mall Press, 1964, p. 324.

8. The view of Pye. See Pye, L.W., "Federalism in Malaya", in Livingston, W.S., ed., Federalism in the Commonwealth: A Bibliographical Commentary, London, The Hansard Society, 1963, p. 159.

Such territorially-contained diversities do indeed still persist.

The federal device and with this the federal element - that is, the relations between Centre and States - in Peninsula Malaysia is manifested in four main features: the Constitution, finance, administrative organisations and one-party dominance. The Constitution formally orders the relations between the Centre and States. In this the initial act of choice as to what should be emphasised in this relationship was crucial: the Reid Commission was directed to establish a strong Centre and provide the States only with a "measure of autonomy". The Commission's recommendations and the 1957 constitutional provisions placed the Centre in a strong position vis-a-vis the States and the Centre ever since has been getting stronger. The States of Peninsula Malaysia have been constitutionally on an equal footing. This has a double aspect: first, the constitutional provisions relate all States to the Centre in the same way; second, the Constitution insists that the internal constitutional structure of all States must be identical in certain specific and important respects.

The strength of the Centre is overwhelming in the area of finance. The Constitution provided for this by allocating to the Centre almost complete taxing powers. The Constitution also provided the Centre with the responsibility of undertaking and financing national economic development. With its massive financial resources it alone is well placed to face the task. However, the Constitution is silent as to how it should pursue this, except by requiring that such development should be in the 'national interest'. Thus, at the informal and extra-constitutional plane, the Central Government's national economic development planning also shapes the actual organisation of Centre-State financial relations. States are financially weak and dependent on the Centre but in different degrees; unevenness characterises the nature of Centre-State financial relations.

The strength of the Centre is also overwhelming in the administrative sphere. The Constitution again has provided the Centre with substantial powers in this respect. Three points need emphasis. First, there is a qualitative difference between the federalised bureaucracies of States

of the former FMS and Straits Settlements, on the one hand, and the non-federalised bureaucracies of the States of the former UFMS, on the other. This difference is provided for and protected by the Federal Constitution, thus placing States in this regard on a clearly uneven basis. Second, and consequently, the Centre's administrative penetration of the States (or the States' administrative dependence on the Centre) is uneven. States with non-federalised bureaucracies, as the case of Kedah suggests, are better able to resist such penetration and consequently are less dependent on the Centre. Finally, the Centre's administrative dominance has been further emphasised by its dominant role in national development planning and implementation. All these factors join to define Centre-State administrative relations: these are characterised by the albeit uneven Central administrative dominance over and penetration of the States.

One-party (UMNO) dominance at both the Centre and State levels has done much to shape Centre-State relations. UMNO is centrally and tightly organized. Substantial powers are located at the Centre of the party and with Central control and loyalty to the Centre being its modus operandi. UMNO dominance thus further centralizes power and strengthens the already strong Centre of the Federation. When one-party dominates both the Centre and State then the internal politics of that party shape Centre-State relations and define the relations of power between the Centre and State, as discussed in the Pahang case. When, however, different political parties control the Centre and State then inter-party competition shapes Centre-State relations and define the relations of power between the Centre and State, as discussed in the Kelantan case. The former and latter are indeed opposite poles on the axis of 'political distance'. With UMNO's capture of Kelantan in 1978, and apart from Penang, the 'political distance' between the Centre and State was and is determined by the nature and demands of UMNO politics. Nevertheless, the 'political distance' is not equal for each State because the tightness of Central control over party members at the State level varies between States. In the case of Pahang, the 'political distance' was closer during rather than after Tun Razak's time as Deputy PM and then PM. Thus, although UMNO's dominance at the Centre

and States tightens and centralizes power within the Federation, the 'political distance' between the Centre and each State is not necessarily equal. The Centre's dominance and the unevenness of this characterise Centre-State party relations.

The character of the federal element is necessarily also influenced by the environment of which it is only a part. This environment has also been shaped by the periods of national emergencies (1948-1960 and 1969-71), the national development needs, the patterns of thought and attitude of national political leaders and communalism. All these may encourage, as Tilman suggests<sup>9</sup>, the centralization of power.

The two national emergencies emphasised the security needs of the newly independent federation. These needs, like those of national development, are national in scope and may well have influenced the national leaders' conception of 'national interests'. What seems clear, however, is their consistent emphasis on the 'national interests', however conceived or conceptualised, and on the Centre's responsibility for their protection. For example, Tun Razak, then Deputy PM, expressed this without reservation:

"Provincialism or parochialism must give way to national interests to make the country strong and viable. We should not always be thinking in terms of how much the Federal Government can give to the States and vice versa but should rather think and act in terms of how much we all can contribute to the well-being and strength of the nation ... For a Federation to succeed it should have a strong system of Central Government entrusted with the necessary powers to develop the country ... Malaysia will be sure to succeed if all of us act and think in terms of the whole nation - national interests should come before self or State interests." 10

This emphasis, if carried to its logical conclusion, may yet prove deleterious to the federal element in the political structure of Peninsula Malaysia.

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9. See Tilman, R.S., In Quest of Unity: The Centralizing Theme in Malaysian Federal-State Relations, 1957-1975, Institute of Southeast Asian Studies, Occasional Paper No. 39, May 1976.

10. Quoted in Straits Times, 18-8-1964.

Communalism is another important political force in Peninsula Malaysia.<sup>11</sup> Communal differences and divisions cut right across State boundaries, although the level of communal concentration varies between States. This, according to Livingston, makes for a plural rather than a federal society.<sup>12</sup> The federal element then necessarily co-exists, or even competes for priority, with communalism as an ordering framework of society. Many believe that the impact of communalism is towards increasing centralisation of power.<sup>13</sup> In this way it tightens the integration of States within the Federation and helps explain its success. Dikshit suggests that

"it is the geographical distribution of the communal elements in the population that have saved the Federation of Malaysia (especially Malaya), because in view of the fact that communal cleavages in the country are almost water-tight, it is easily understandable that had the communities occupied clearly defined areas of occupation - one separate from the other - a union of any strength could hardly have been born." <sup>14</sup>

In summary, two points about the federal element in Peninsula Malaysia need emphasis. First, the Centre which was initially placed in a strong position has grown even stronger. Second, the impact of the Centre's dominance is uneven among the States.

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11. For the impact of this on the politics and government of Peninsula Malaysia, see Ratnam, K.J., Communalism and the Political Process in Malaya, Kuala Lumpur, University of Malaya Press, 1965; Means, G.P., Malaysian Politics, London, Hodder and Stoughton, 2nd ed., 1976, especially chp. 21; Milne, R.S., and Mauzy, D.K., Politics and Government in Malaysia, Vancouver, University of British Columbia Press, 1978.
  12. Livingston, W.S., Federalism and Constitutional Change, Oxford, Oxford University Press, 1956, p. 2.
  13. For examples, see Carnell, F.G., op.cit., p. 28; Simandjuntak, B., Malayan Federalism, 1945-1963, London, Oxford University Press, 1969, pp. 207-208; and Lai Ah Hoon, "Problems of Federal Finance in Plural Societies: Case Studies of Malaya and Malaysia" Ph.D. thesis, York University, June 1968, pp. 41-43.
  14. Dikshit, R.M., The Political Geography of Federalism: an enquiry into origins and stability, India, Macmillan and Co., 1975, p. 137.

The tendency is towards the Centre. There seems to be no reason why, despite episodes of States' resistance, this tendency will not be maintained. There may, however, come a time when the continuous accumulation of power at the Centre is either accepted as fact and irrevocable or it may even be viewed as no longer tolerable and thus opposed by States. In both cases adjustments may have to be made and these conceivably may include for example changes in Centre-State financial arrangements and even in the Constitution. For the future, militant and fundamentalist Islamic groups, because of their unitary disposition, pose a threat to the federal structure.

Appendix 1: Seats Contested and Won by Political Parties:  
1955, 1959, 1964, 1969, 1974 and 1978 Federal  
and State Elections.

General Note: Appendix 1 comprises 11 Tables. Each Table identifies the individual parties of the Alliance and Barisan Nasional or National Front coalitions, and main Opposition parties. The official election reports do not identify the Alliance or Barisan Nasional candidates according to their parties. As the three Alliance partners represented three distinct communal groups, the candidates' party identity was based on their ethnicity (as indicated by their names). This procedure became difficult when PAS ( a Malay party ) was in the Barisan Nasional. In this case the candidates' party identity was based on information obtained from UMNO Headquarters.



Appendix 1.1 The 1955 Malayan Legislative Council Elections: Seats contested and won, and percentage of total valid votes polled by political parties according to States.

States	Alliance						Opposition						Total No. of seats						
	UMNO			MCA			MIC			PAS				NEGARA			LABOUR		
	c	w	%	c	w	%	c	w	%	c	w	%		c	w	%	c	w	%
Johore	4	4	35.7	3	3	37.0	1	1	13.4	-	-	-	-	-	-	8	-	-	8
Kedah	4	4	63.9	2	2	29.4	-	-	-	6	6	93.3	1	-	0.9	4	-	-	6
Kelantan	5	5	78.1	-	-	-	-	-	-	5	5	78.1	3	-	8.0	-	-	-	5
Malacca	1	1	53.7	1	1	34.2	-	-	-	2	2	87.9	-	-	-	-	-	-	2
Negri Sembilan	2	2	67.0	1	1	16.9	-	-	-	3	3	83.9	-	-	-	3	-	-	3
Pahang	3	3	90.0	-	-	-	-	-	-	3	3	90.0	1	-	3.8	-	-	-	3
Penang	2	2 <sup>1</sup>	35.6	2	2	48.5	-	-	-	4	4	84.1	1	-	7.4	-	-	1	4
Perak	6	5	44.6	3	3	21.1	1	1	4.8	10	9	70.5	3	1	8.4	-	-	1	10
Perlis	1	1	66.8	-	-	-	-	-	-	1	1	66.8	-	-	-	-	-	-	1
Selangor	4	4	47.0	3	3	24.3	-	-	-	7	7	71.3	2	-	9.2	7	-	1	7
Trengganu	3	3	70.0	-	-	-	-	-	-	3	3	70.0	-	-	-	3	-	-	3
Total	35	34	59.0	15	15	20.1	2	2	2.7	52	51	81.8	11	1	3.2	25	-	3	52
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Source: Calculated from Smith, T.E., Report on the First Election of Members to the Legislative Council of the Federation of Malaya, Kuala Lumpur, Govt. Press, 1955.

Note: (1) one seat won uncontested; Key: (c) seats contested; (w) seats won; (%) percentage of votes.

Appendix 1.2 : The 1959 Malayan Parliamentary Elections in Malaya : Seats Contested and Won, and

Percentage of valid votes polled by political parties.

States:	Alliance										Opposition										MALAYA PARTY			Total No. of Seats																	
	UMNO					MCA					MIC					Total					PAS					SF					NEGARA					PPP					
	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W		%	C	W	%	C	W	%	C	W	%							
Johore	11	11 <sup>1</sup>	46.1	5	5	19.6	-	-	-	16	16	65.7	-	-	-	3	-	2.3	7	-	14.2	6	-	9.3	1	-	1.0	-	-	-	-	-	-	16							
Kedah	10	10	54.1	2	2	11.3	-	-	-	12	12	65.4	-	-	-	10	-	26.7	4	-	7.2	4	-	-	-	-	-	-	-	-	-	-	12								
Kelantan	10	1	31.4	-	-	-	-	-	-	10	1	31.4	-	-	-	10	9	68.4	-	-	-	1	-	0.2	-	-	-	-	-	-	-	-	-	10							
Malacca	2	2	30.0	2	1	29.2	-	-	-	4	3	59.2	-	-	-	3	-	16.1	2	-	11.6	-	-	-	-	-	-	-	1	1	12.6	4									
Negri Sembilan	4	3	49.0	1	-	2.8	1	1 <sup>1</sup>	-	6	4	51.8	-	-	-	3	-	16.7	2	-	10.9	1	-	6.0	-	-	-	-	-	-	-	-	-	6 <sup>b</sup>							
Pahang	5	5	56.0	1	1	11.0	-	-	-	6	6	67.0	-	-	-	3	-	11.7	3	-	21.5	-	-	-	-	-	-	-	-	-	-	-	6								
Penang	3	3	23.2	5	2	20.8	-	-	-	8	5	44.0	-	-	-	5	-	10.8	6	3	38.2	-	-	-	2	-	2.9	-	-	-	-	-	8								
Perak	10	9	24.8	9	5	22.4	1	1	2.4	20	15	49.6	-	-	-	10	-	15.4	4	-	2.9	-	-	-	13	4	26.9	-	-	-	-	-	20 <sup>a</sup>								
Perlis	2	2	59.6	-	-	-	-	-	-	2	2	59.6	-	-	-	2	-	40.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2								
Selangor	7	5	22.5	6	3	17.6	1	1	4.2	14	9	44.3	-	-	-	4	-	7.9	9	5	30.4	-	-	-	2	-	4.0	1	-	-	-	-	14								
Trengganu	6	1 <sup>1</sup>	37.4	-	-	-	-	-	-	6	1	37.4	-	-	-	4	4	47.6	1	-	0.9	1	1	11.8	-	-	-	-	-	-	-	-	6								
Total	70	52	33.6	31	19	14.8	3	3	1.0	104	74	49.4	-	-	-	57	13	21.3	38	8	12.9	9	1	2.1	18	4	6.2	2	1	0.9	-	-	104								

Source: Calculated from Federation of Malaya, Election Commission, Report of the Parliamentary and State Elections, Kuala Lumpur, Government Press, 1960. Appendices A, B and H.

Note: (a) one seat won by Independent; (b) two seats won by Independents; (1) one seat won uncontested. (C) seats contested; (W) seats won; (%) percentage of valid votes polled.

Appendix 1.3: The 1959 State Legislative Assemblies' Elections in Malaya : Seats Contested and Won, and Percentage of valid votes polled by political parties.

States:	Alliance										Opposition										MALAYA PARTY				Total No. of Seats				
	UMNO			MCA			MIC				Total			PAS			SF			NEGARA			PPP			C W %			
	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%		C	W	%	
Johore	21	20 <sup>1</sup>	45.1	10	7	19.5	1	1	2.5	32	28	67.1	9	-	2.6	10	3	9.8	23	-	15.4	-	-	-	-	-	-	32 <sup>a</sup>	
Kedah	18	18	53.3	5	5	14.6	1	1	3.2	24	24	71.1	23	-	23.6	5	-	3.1	4	-	1.9	-	-	-	-	-	-	24	
Kelantan	27	1	23.4	3	1	3.5	-	-	-	30	2	26.9	30	2	63.8	20	-	2.3	21	-	5.2	-	-	-	-	-	-	30	
Malacca	13	13	48.1	7	7	18.8	-	-	-	20	20	66.9	11	-	14.5	9	-	11.4	-	-	-	-	5	-	6.9	-	-	20	
Negri Sembilan	14	11	34.5	8	7	17.0	2	2	4.3	24	20	55.8	17	-	11.4	11	3	17.9	4	-	4.0	-	-	-	-	-	-	24 <sup>a</sup>	
Pahang	18	18	49.5	5	5 <sup>1</sup>	12.4	1	-	1.7	24	23	63.6	17	-	22.5	7	-	7.6	-	-	-	-	-	-	-	-	-	24 <sup>a</sup>	
Penang	10	10 <sup>1</sup>	25.7	11	6	20.7	3	1	4.7	24	17	51.1	8	-	8.1	18	7	29.4	3	-	0.8	11	-	5.7	-	-	-	24	
Perak	23	21	31.4	15	9	21.5	2	1	1.8	40	31	54.7	29	1	15.3	14	-	3.9	-	-	-	24	8	24.3	-	-	-	40	
Perlis	10	10	52.4	2	2	11.5	-	-	-	12	12	63.9	10	-	31.7	2	-	1.3	-	-	-	-	-	-	-	-	-	12	
Selangor	14	14	30.2	10	8 <sup>1</sup>	22.6	4	1	4.7	28	23	57.5	17	-	11.6	11	3	17.7	4	-	2.0	4	-	3.9	1	-	1.4	28 <sup>b</sup>	
Trengganu	22	5	31.2	2	2	4.0	-	-	-	24	7	35.2	24	13	36.9	17	-	8.1	19	4	16.3	-	-	-	-	-	-	24	
Total	190	141	36.7	78	59	16.4	14	7	2.4	282	207	55.5	195	42	20.7	124	16	9.7	78	4	4.3	39	8	5.7	6	-	0.5	282	

Source: Calculated from Federation of Malaya, Election Commission, Report of the Parliamentary and State Elections, Kuala Lumpur, Government Press, 1960. Appendices A, B and G.

Note: (a) one seat won by Independent; (b) two seats won by Independents; (1) one seat won uncontested. (C) seats contested; (W) seats won; (%) percentage of valid votes polled.

Appendix 1.4 : The 1964 Parliamentary Elections in Peninsula Malaysia : Seats Contested and Won, and Percentage of total valid votes polled by political parties.

States	UMNO			MCA			MIC			Total			PAS			SF			NEGARA			UDP			PPP			PAP			Total No. of Seats
	C		W %	C		W %	C		W %	C		W %	C		W %	C		W %	C		W %	C		W %	C		W %				
	11	11	44.1	5	5	23.8	-	-	-	16	16	67.9	2	-	1.4	11	-	22.1	-	-	-	3	-	3.7	-	-	-	3	-	1.0	
Johore	11	11	44.1	5	5	23.8	-	-	-	16	16	67.9	2	-	1.4	11	-	22.1	-	-	-	3	-	3.7	-	-	-	3	-	1.0	
Kedah	10	10	56.5	2	2	12.1	-	-	-	12	12	68.6	12	-	25.1	4	-	4.8	-	-	-	2	-	1.6	-	-	-	-	-	-	
Kelantan	10	2	42.9	-	-	-	-	-	-	10	2	42.9	10	8	56.9	1	-	0.2	-	-	-	-	-	-	-	-	-	-	-	-	
Malacca	2	2	34.6	2	2	31.5	-	-	-	4	4	66.1	2	-	3.7	4	-	26.8	-	-	-	-	-	-	1	-	3.4	-	-	-	
Negri Sembilan	3	3	35.4	2	2	17.0	1	1	6.8	6	6	59.2	-	-	-	6	-	22.8	-	-	-	6	-	9.9	1	-	1.2	1	-	4.7	
Pahang	5	5	58.8	1	1	12.3	-	-	-	6	6	71.1	4	-	10.7	4	-	18.2	-	-	-	-	-	-	-	-	-	-	-	-	
Penang	4	4	28.0	4	2	19.3	-	-	-	8	6	47.3	2	-	2.7	8	1	31.6	-	-	-	6	1	18.1	-	-	-	1	-	0.4	
Perak	9	9	24.8	10	8	28.3	1	1	2.5	20	18	55.6	9	-	10.5	9	-	8.1	-	-	-	9	-	6.5	7	2	16.6	-	-	-	
Perlis	2	2	63.2	-	-	-	-	-	-	2	2	63.2	2	-	36.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Selangor	6	6	23.3	7	5	25.4	1	1	5.2	14	12	53.9	2	-	2.4	13	1	31.8	-	-	-	-	-	-	1	-	0.8	5	1	11.1	
Trengganu	6	5	56.5	-	-	-	-	-	-	6	5	56.5	6	1	32.1	3	-	4.6	4	-	6.8	-	-	-	-	-	-	-	-	-	-
Total	68	59	38.6	33	27	18.4	3	3	1.5	104	89	58.5	59	9	14.6	63	2	16.1	4	-	0.4	26	1	4.3	10	2	3.4	10	1	2	104

Source: Calculated from Federation of Malaysia, Election Commission, Report on the Parliamentary (Dewan Rakyat), and State Legislative Assembly General Elections 1964, Kuala Lumpur, Government Press 1965. Appendices B and H.

Note: (C) seats contested; (W) seats won; (%) percentage of valid votes polled.

**Appendix 1.5:** The 1964 State Legislative Assemblies' Elections in Peninsula Malaysia : Seats Contested and Won, and Percentage of the total valid votes polled by political parties.

States	Alliance										Opposition										Total No. of Seats																														
	UMNO					MCA					MIC					Total						PAS					SF					NEGARA					UDP					PPP					PAP				
	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W		%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%											
Johore	20	20 <sup>3</sup>	43.5	11	11	22.1	1	1	2.0	32	32	67.6	11	-	2.4	23	-	23.7	-	-	-	8	-	3.3	-	-	-	-	-	-	-	-	-	-	-	-	-	3	-	0.4	32										
Kedah	18	18	50.2	5	5	14.4	1	1	3.0	24	24	67.6	21	-	25.1	8	-	5.0	-	-	-	4	-	1.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24												
Kelantan	29	8	40.8	1	1	2.2	-	-	-	30	9	43.0	30	21	57.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30													
Malacca	13	13	44.8	6	4	17.7	1	1	2.7	20	18	65.2	12	-	5.3	20	2	26.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4	-	2.6	20													
Negeri Sembilan	14	14	33.8	9	9	22.1	1	1	2.9	24	24	58.8	7	-	3.3	18	-	20.7	-	-	-	17	-	11.5	4	-	2	-	-	-	-	-	-	-	-	-	24														
Pahang	17	17	52.6	7	7 <sup>1</sup>	15.8	-	-	-	24	24	68.4	11	-	8.5	17	-	18.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24														
Penang	10	10	23.4	12	6	19.1	2	2	4.1	24	18	46.4	3	-	2.1	24	2	32.1	-	-	-	21	4	17.5	1	-	0.3	-	-	-	-	-	-	3	-	0.5	24														
Perak	22	22	30.9	16	12	21.7	2	1	2.1	40	35	54.7	19	-	11.4	19	-	7.3	-	-	-	15	-	4.6	19	5	20.7	-	-	-	-	-	-	-	-	-	40														
Perlis	9	8	43.1	3	3	17.8	-	-	-	12	11	60.9	11	1	37.1	1	-	1.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12														
Selangor	13	13	25.9	12	8	23.5	3	3	5.8	28	24	55.2	7	-	3.5	26	4	33.5	-	-	-	-	-	-	-	4	-	2.7	-	-	-	-	5	-	5.1	28															
Trengganu	23	20	52.7	1	1	2.5	-	-	-	24	21	55.2	23	3	32.7	11	-	3.7	17	-	7.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24														
Total	199	164	37.7	92	66	17.4	11	10	2.5	292	240	57.6	155	25	15.2	167	8	16.3	17	-	0.4	65	4	4	28	5	4.5	11	-	-	-	-	-	-	-	-	292														

**Source:** Calculated from Federation of Malaysia, Election Commission, Report on the Parliamentary (Dewan Rakyat) and State Legislative Assembly General Elections 1964, Kuala Lumpur, Government Press, 1965. Appendices B and G.

**Note:** (1) seat won uncontested; (3) three seats won uncontested; (C) seats contested; (W) seats won; (%) percentage of valid votes polled.

Appendix 1.6 : The 1969 Parliamentary Elections in Peninsula Malaysia: Seats Contested and Won, and Percentage of total valid votes polled by political parties according to States.

State	Alliance										Opposition										Total No. of Seats				
	UMNO			MCA			MIC			Total			PAS			GRM			DAP			PPP			
	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W		%	C	W	%
Johore	11	11 <sup>4</sup>	41.6	5 <sup>1</sup>	5	25.0	-	-	-	16	16	66.6	2	-	4.0	2	-	4.1	6	-	21.2	-	-	-	16
Kedah	10	7	45.2	2	2	8.3	-	-	-	12	9	53.5	12	3	41.1	2	-	5.5	-	-	-	-	-	-	12
Kelantan	10	4	47.5	-	-	-	-	-	-	10	4	47.5	10	6	52.4	-	-	-	-	-	-	-	-	-	10
Malacca	2	2	28.8	2	1	20.0	-	-	-	4	3	48.8	3	-	19.4	-	-	-	1	1	17.5	-	-	-	4
Negri Sembilan	3	3 <sup>1</sup>	24.4	2	-	15.4	1	-	6.6	6	3	46.4	3	-	16.3	-	-	-	3	3	35.5	-	-	-	6
Pahang	5	5 <sup>1</sup>	60.8	1	1 <sup>1</sup>	-	-	-	-	6	6	60.8	4	-	24.4	-	-	-	-	-	-	-	-	-	6
Penang	4	1	24.3	4	1	12.5	-	-	-	8	2	36.8	2	-	7.0	5	5	44.6	1	1	11.1	1	-	-	8
Perak	9	7	22.9	10	1	18.4	1	1	1.9	20	9	43.2	4	1	17.9	1	1	3.7	6	5	16.1	5	4	18.8	20
Perlis	2	2	51.1	-	-	-	-	-	-	2	2	51.1	2	-	42.9	-	-	-	-	-	-	-	-	-	2
Selangor	6	6	18.6	7	2	21.9	1	1	3.5	14	9	44.0	4	-	7.2	4	2	17.5	7	3	31.4	-	-	-	14
Trengganu	6	4 <sup>1</sup>	50.0	-	-	-	-	-	-	6	4	50.0	6	2	50.0	-	-	-	-	-	-	-	-	-	6
Total	68	52	33.9	33	13	13.3	3	2	1.2	104	67	48.5	62	12	20.9	14	8	7.5	24	13	11.9	6	4	3.4	104

Source: Calculated from Federation of Malaysia, Suruhanjaya Pilihanraya, Penyata Pilihanraya Umum Dewan Rakyat dan Dewan Undangan Negri bagi Negri-Negri Tanah Melayu, Sabah dan Sarawak, Tahun 1969, Kuala Lumpur, Government Press, 1972. Appendices B, D and E.

Note: (1) seat won uncontested; (4) four seats won uncontested; (C) seats contested; (W) seats won; (%) percentage of valid votes polled.

Appendix 1.7 : The 1969 State Legislative Assemblies' Elections in Peninsula Malaysia: Seats Contested and Won, and Percentage of total valid votes polled by political parties according to States.

States:	UMNO				Alliance				Total				PAS				GRM				Opposition				PPP				Total No of Seats		
	MCA				MIC				Total				PAS				GRM				Opposition				PPP						
	C	W	%		C	W	%		C	W	%		C	W	%		C	W	%		C	W	%		C	W	%				
Johore	20	20 <sup>3</sup>	42.3		11	9 <sup>1</sup>	20.5		1	1	2.2		32	30	65.0		9	-	6.5		3	-	1.9		12	1	17.5		-	32 <sup>a</sup>	
Kedah	18	12	41.3		5	2	10.0		1	-	1.8		24	14	53.1		24	8	41.3		3	2	5.6		-	-	-	-	24		
Kelantan	29	10	45.5		1	1	2.0		-	-	-		30	11	47.5		30	19	52.2		-	-	-		-	-	-	-	30		
Malacca	12	11	36.7		7	4 <sup>1</sup>	9.6		1	-	1.7		20	15	48.0		14	-	17.0		1	1	4.4		5	4	12.7		-	20	
Negri Sembilan	14	11 <sup>1</sup>	28.7		9	4 <sup>1</sup>	15.1		1	1	2.4		24	16	46.2		11	-	10.6		-	-	-		16	8	36.4		-	24	
Pahang	17	16	39.4		7	4	15.7		-	-	-		24	20	55.1		14	-	16.8		1	1	2.0		1	-	1.7		-	24 <sup>a**</sup>	
Penang	10	4	17.6		12	-	14.0		2	-	3.0		24	4	34.6		5	-	7.0		19	16	46.8		3	3	8.4		3	24 <sup>*</sup>	
Perak	22	18	27.4		17	1	15.4		1	-	0.7		40	19	43.5		28	1	18.5		2	2	3.8		8	6	9.5		13	40	
Perlis	12	11	53.5		-	-	-		-	-	-		12	11	53.5		12	1	43.8		-	-	-		-	-	-	-	-	12	
Selangor	13	12 <sup>1</sup>	19.9		12	1	17.5		3	1	4.2		28	14	41.6		12	-	9.6		8	4	16.5		12	9	31.1		-	28 <sup>a</sup>	
Trengganu	23	12	47.6		1	1	1.7		-	-	-		24	13	49.3		20	11	49.4		-	-	-		-	-	-	-	-	24	
Total	191	137	33.6		81	27	12.7		10	3	1.7		282	167	48.0		179	40	20.6		37	26	7.8		57	31	10.4		16	12	282

Source: Calculated from Federation of Malaysia, Surohanjaya Pilehraya, Penyata Pilehanraya Umum Dewan Rakyat dan Dewan Undangan Negri bagi Negri-Negri Tanah Melayu, Sabah dan Sarawak, Tahun 1969, Kuala Lumpur, Government Press, 1972.

Note: (1) seat won uncontested; (3) three seats won uncontested; (a) seat won by Independent; (\*) seat won by Party Rakyat; (\*\*) two seats won by Party Rakyat; (C) seats contested; (W) seats won; (%) percentage of valid votes polled.

Appendix 1.8 : The 1974 Parliamentary Elections in Peninsula Malaysia : Seats Contested and Won, and Percentage of total valid votes polled by political parties according to States.

States:	UMNO			MCA			National MIC			Front PAS			GRM			PPP			Total			Opposition DAP			Total No. of Seats
	C		%	C		%	C		%	C		%	C		%	C		%	C		%	C		%	
	W			W			W			W			W			W			W			W			
Johore	11	11	36.7	5	5	34.5	-	-	-	-	-	-	-	-	-	-	-	-	16	16	71.2	6	-	21.1	16
Kedah	8	8 <sup>5</sup>	47.1	2	2 <sup>1</sup>	13.0	-	-	-	3	3 <sup>2</sup>	14.9	-	-	-	-	-	-	13	13	75.0	1	-	8.5	13
Kelantan	5	5 <sup>3</sup>	20.0	-	-	-	-	-	-	7	7 <sup>1</sup>	54.9	-	-	-	-	-	-	12	12	74.9	-	-	-	12
Malacca	2	2	34.7	2	1	27.8	-	-	-	-	-	-	-	-	-	-	-	-	4	3	62.5	1	1	15.5	4
Negri Sembilan	3	3 <sup>2</sup>	16.2	2	1	30.0	1	1	15.2	-	-	-	-	-	-	-	-	-	6	5	61.4	4	1	32.0	6
Pahang	7	7 <sup>3</sup>	54.9	1	1	13.3	-	-	-	-	-	-	-	-	-	-	-	-	8	8	68.2	2	-	13.1	8
Penang	3	3 <sup>1</sup>	13.5	3	3	22.0	-	-	-	-	-	-	3	3	20.4	-	-	-	9	9	55.9	7	-	24.3	9
Perak	10	10 <sup>3</sup>	19.5	3	2	8.8	1	1	2.2	1	1	3.8	2	2	5.8	4	1	10.3	17	17	50.4	14	4	34.9	21
Perlis	2	2	67.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	2	67.0	-	-	-	2
Selangor	5	5 <sup>2</sup>	17.1	4	4	31.6	1	1	8.0	-	-	-	1	-	6.3	-	-	-	11	10	63.0	6	1	19.4	11
Trengganu	4	4 <sup>1</sup>	32.1	-	-	-	-	-	-	3	3	32.1	-	-	-	-	-	-	7	7	64.2	-	-	-	7
Federal Territory	1	1	13.0	1	-	8.7	1	1	8.6	-	-	-	2	-	11.6	-	-	-	5	2	41.9	5	2	37.4	5*
Total	61	61	26.0	28	19	16.9	4	4	2.6	14	14	8.0	8	5	5.0	4	1	2.3	114	104	60.8	46	9	21.0	114

Source: UMNO, Penyata Tahunan 1973, 1974 and 1975. Information also obtained from UMNO Headquarters. Pillay, C., The 1974 General Elections in Malaysia, Occasional Paper No. 25, November 1974, Institute of Southeast Asian Studies, Singapore; Malaysian Digest, Vol. 6, No. 2, Sept. 6, 1974.

Note: (1) seat won uncontested; (2), (3), (5) and (7) seats won uncontested; (#) seat won by Pekemas; (C) seats Contested; (W) seats won; (%) percentage of valid votes polled.



Appendix 1.9 : The 1974 State Legislative Assemblies' Elections in Peninsula Malaysia : Seats Contested and Won, and Percentage of total valid votes polled by political parties according to State.

States	UMNO			MCA			National			Front			GRM			PPP			Total			Opposition			Total No. of Seats
	C		%	C		%	MIC		%	PAS		%	GRM		%	PPP		%	Total		%	DAP		%	
		W			W			W			W			W			W		C	W	C	W			
Johore	20	20 <sup>12</sup>	34.3	11	10 <sup>3</sup>	32.9	1	1	3.4	-	-	-	-	-	-	-	-	-	32	31	70.6	13	1	21.6	32
Kedah	13	12 <sup>4</sup>	35.5	2	2 <sup>2</sup>	-	-	-	-	9 <sup>3</sup>	26.3	2	1	9.7	-	-	-	-	26	24	71.5	1	1	4.2	26 <sup>a</sup>
Kelantan	13	13 <sup>1</sup>	23.8	1	1	3.0	-	-	-	22	47.1	-	-	-	-	-	-	-	36	36	73.9	-	-	-	36
Malacca	12	12 <sup>1</sup>	47.0	6	3	21.0	1	-	2.3	1	1	5.6	-	-	-	-	-	-	20	16	75.9	10	4	23.9	20
Negri Sembilan	14	14 <sup>3</sup>	31.9	8	5	23.9	1	1	2.6	1	1	2.5	-	-	-	-	-	-	24	21	60.9	17	3	26.2	24
Pahang	23	23 <sup>5</sup>	44.2	8	8	20.3	-	-	-	1	1	1.5	-	-	-	-	-	-	32	32	66.0	4	-	6.7	32
Penang	9	9 <sup>2</sup>	21.2	3	1	7.9	1	1	3.2	1	1	2.7	13	11	40.8	-	-	-	27	23	75.8	22	2	36.9	27 <sup>a*</sup>
Perak	21	21 <sup>2</sup>	25.6	6	3	7.1	1	1	1.3	3	3 <sup>1</sup>	2.9	2	1	3.1	9	2	12.5	42	31	52.5	34	11	35.3	42
Perlis	8	8 <sup>1</sup>	40.6	2	2	12.0	-	-	-	2	2	13.2	-	-	-	-	-	-	12	12	65.8	-	-	-	12
Selangor	20	19 <sup>1</sup>	33.0	8	7	16.0	3	3	6.5	1	1 <sup>1</sup>	-	1	-	2.7	-	-	-	33	30	58.2	20	1	16.3	33 <sup>b</sup>
Trengganu	17	17 <sup>1</sup>	40.4	1	1	3.2	-	-	-	10	9	21.1	-	-	-	-	-	-	28	27	64.7	-	-	-	28 <sup>a</sup>
Total	170	168	31.6	56	43	12.2	8	7	2.0	51	48	11.0	18	13	5.1	9	2	2.8	283	281	64.7	121	23	18.7	312

Source: As for Appendix 1.8.

Note: (1) one seat won uncontested; (2), (3), (4), (5) and (7) seats won uncontested;

(a) one seat won by Independent; (b) two seats won by Independents; (\*) one seat won by Pekemas;

(C) seats contested; (W) seats won; (%) percentage of valid votes polled.

Appendix 1.10 :    The 1978 Parliamentary Elections in Peninsula Malaysia: Seats Contested and Won, and  
Percentage of total valid votes polled by political parties according to States.

States:	UMNO			MCA			MIC			Front GRM			PPP			Total			PAS			Opposition DAP			Total No. of Seats
	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	C	W	%	
	11	11 <sup>1</sup>	54.7	5	4	25.0	-	-	-	-	-	-	-	-	-	16	15	79.7	12	-	8.6	6	1	11.8	16
Johore	11	11 <sup>1</sup>	54.7	5	4	25.0	-	-	-	-	-	-	-	-	-	16	15	79.7	12	-	8.6	6	1	11.8	16
Kedah	11	9	49.8	2	2	8.6	-	-	-	-	-	-	-	-	-	13	11	57.4	13	2	40.6	1	-	0.8	13
Kelantan	12	10	56.4	-	-	-	-	-	-	-	-	-	-	-	-	12	10	56.4	12	2	43.6	-	-	-	12
Malacca	2	2	38.9	2	1 <sup>1</sup>	16.1	-	-	-	-	-	-	-	-	-	4	3	55.0	2	-	11.4	2	1	32.7	4
Negri Sembilan	3	3 <sup>1</sup>	25.7	2	1	21.7	1	1	10.2	-	-	-	-	-	-	6	5	57.6	4	-	7.9	4	1	29.4	6
Pahang	6	6	52.6	2	2	15.4	-	-	-	-	-	-	-	-	-	8	8	68.0	7	-	1.8	3	-	9.0	8
Penang	3	2	14.4	3	1	17.5	-	-	-	3	1	15.2	-	-	-	9	4	47.1	6	1	10.8	5	4	27.3	9
Perak	11	11	31.5	6	3	22.5	1	1	2.9	2	2	7.7	1	-	1.4	21	17	66.0	14	-	11.2	19	4	44.6	21
Perlis	2	2	60.7	-	-	-	-	-	-	-	-	-	-	-	-	2	2	60.7	2	-	33.5	-	-	-	2
Selangor	6	6	29.8	4	3	23.3	1	1	6	-	-	-	-	-	-	11	10	59.1	8	-	10.7	7	1	27.4	11
Trengganu	7	7 <sup>1</sup>	58.4	-	-	-	-	-	-	-	-	-	-	-	-	7	7	58.4	6	-	38.1	-	-	-	7
Federal Territory	1	1 <sup>1</sup>	-	2*	-	4.5	1	-	10.3	1	1	11.4	-	-	-	5	2	26.2	2	-	6.8	4	3	57.4	5
Total	75	70	38.3	28	17	15.6	4	3	2.3	6	4	3.4	1	-	0.2	114	94	59.8	88	5	17.6	51	15	21.5	114

Source: Calculated from Ismail Kassim, Race, Politics and Moderation, Singapore, Times Books International, 1979, pp. 39, 71 and 100; UMNO, Penyata Tahunan, 1977-1978 pp. 373-390; The Star, 9-7-1978; and  
Information from UMNO Headquarters.

Note: (1) one seat won uncontested; (\*) one MCA Candidate did not contest;  
 (C) seats contested; (W) seats won; (%) percentage of valid votes polled.

Appendix 1.11 : The 1978 State Legislative Assemblies' Elections in Peninsula Malaysia : Seats Contested and Won, and Percentage of total valid votes polled according to States.

States	UMNO			MCA			MIC			GRM			PPP			Total			PAS			DAP			BERJASA			Total No. of Seats
	C		%	C		%	C		%	C		%	C		%	C		%	C		%	C		%	C		%	
	W			W			W			W			W			W			W			W			W			
Johore	20	20 <sup>3</sup>	45.6	11	10 <sup>2</sup>	24.9	1	1	2.1	-	-	-	-	-	-	32	31	72.6	23	-	8.0	11	1	17.2	-	-	-	32
Kedah	21	14 <sup>1</sup>	42.7	2	2	5.7	1	1	2.1	2	2	5.9	-	-	-	26	19	56.4	25	7	37.7	2	-	1.6	-	-	-	26
Kelantan	24	22	36.0	1	1	1.3	-	-	-	-	-	-	-	-	-	24	23	37.3	36	2	33.5	-	-	-	25	11	27.2	36
Malacca	13	13 <sup>2</sup>	34.5	6	3	17.8	1	-	2.1	-	-	-	-	-	-	20	16	54.4	14	-	12.9	14	4	31.4	-	-	-	20
Negri Sembilan	15	15 <sup>1</sup>	31.3	8	5	20.2	1	1	2.6	-	-	-	-	-	-	24	21	54.1	13	-	14.6	16	3	27.8	-	-	-	24
Pahang	24	24 <sup>1</sup>	43.8	7	7	18.1	1	1	1.4	-	-	-	-	-	-	32	32	63.3	26	-	15.5	15	-	13.9	-	-	-	32
Penang	10	9 <sup>1</sup>	16.9	5	2	9.1	1	1	2.2	11 <sup>*</sup>	8	12.4	-	-	-	27	20	40.6	14	1	11.1	16	5	29.4	-	-	-	27 <sup>a</sup>
Perak	24	23 <sup>1</sup>	26.1	10	5	12.9	2	1	1.9	2	2	2.6	4	1	7.6	42	32	51.1	32	1	11.1	41	9	36.4	-	-	-	42
Perlis	10	10 <sup>1</sup>	51.1	2	2 <sup>1</sup>	7.1	-	-	-	-	-	-	-	-	-	12	12	58.2	8	-	29.5	-	-	-	-	-	-	12
Selangor	21	20 <sup>1</sup>	34.6	8 <sup>**</sup>	6 <sup>1</sup>	20.5	3	3	7.4	1	-	1.4	-	-	-	33	29	63.9	22	-	16.2	12	3	13.4	-	-	-	33 <sup>a</sup>
Trengganu	27	27 <sup>2</sup>	53.2	1	1	2.8	-	-	-	-	-	-	-	-	-	28	28	56.0	26	-	36.9	-	-	-	-	-	-	28
Total	185	175	35.5	60	43	13.4	11	9	2.3	16	12	2.6	4	1	1.5	276	240	55.3	203	9	18.7	126	25	18.3	25	11	2.4	276

Source: As for Appendix 1.10 ; and includes New Straits Times, 13-3-1978.

Note: (1) one seat won uncontested, (2), (3) seats won uncontested; (a) one seat won by Independent;

(\*) one GRM Candidate disqualified; (\*\*) one MCA Candidate failed to stand;

(\*\*\*)The Kelantan State Elections were held on 11-3-1978 after the termination of Emergency rule in Kelantan; (C) seats contested; (W) seats won; (%) percentage of valid vote polled.

Appendix 2 :    Ethnic Distribution in the States of Peninsula Malaysia (in percentage) for 1973.

<u>States:</u>	<u>Non-Malays</u>		
	<u>Chinese</u>		<u>Indians</u>
Trengganu	5.5		0.8
Kelantan	5.6		1.9
Perlis	16.5		4.5
Kedah	19.3		10.1
Pahang	31.4		7.6
Johore	39.5		7.1
Malacca	39.5		8.6
Negri Sembilan	38.2		16.6
Perak	42.5		14.5
Selangor <sup>*</sup>	46.6		18.8
Penang	56.3		13.1

Source: Federation of Malaysia, Annual Statistical Bulletin 1973, Kuala Lumpur, Department of Statistics, 1974.

Note: Percentages for Selangor no longer applied after 1974 when Kuala Lumpur became the Federal Territory.

Appendix 3: Supreme Executive Council (SEC) Members according to States and other simultaneously held Government and Party Posts.

JOHORE (State of Origin)

<u>SEC Member</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
1. Dato Hj. Hassan Yurus	mem. 1960-68*	Fed. Counc. 1957-58	M.B. Johore 1959-1965	Head Johore 1957-1960
2. Dato Dr. Ismail Abd. Rahman	mem. 1959, 67, 68.	Cabinet 1957-1967	-	Head Johore 1961-1973
3. Dato Hj. Othman Saat	mem. 1967-79	-	M.B. Johore 1967-79	-
4. Ali Hj. Ahmad	mem. 1966-77 1973-77*	Cabinet 1971-78	-	Dep. Head Johore 1974-1977
5. Dato Saadon Zubir	Vice-Pres. 57-63, 1967-75.	Cabinet 1957-69, 1972-74.	-	mem. Johore 62, 64-75.
6. Dato Syed Jaafar Alba	mem. 1959-66, 1968-75. Sec-Gen. 63-64. Information 57-61*, 63-65*	Dep. Cabinet 59-61, MP 1963, 65, 68, 74-75.	-	mem. Johore 1974-75.
7. Datuk Hussein Onn	mem. 68*, 71, Acting Dep. Pres. 73-75, Acting Pres. 76, President 1978.	Cabinet 1971-73 Dep. PM 1973-76 Prime Minister 1976-1979	-	mem. Johore 71-79- Head Penang May 77- Oct. 78; Head Pahang from Jul. 79.
8. Dato Sri Musa Hitam	mem. 1971-78 Vice-Pres. 1978-79	MP 1971-73 Dep. Cabinet 74-75 Cabinet 1976-79.	-	mem. Johore 71-78 Dep. Head 1978-79 Head Malacca May 1978-79.
9. Dato Sulaiman Abd. Rahman	Vice-Pres. 1957-60	Cabinet 1957-60.	-	-

(JOHORE continued)

<u>SEC Member</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
10. Tan Sri Nasir Syed Ismail Alhaj	Vice-Pres. 1971	MP 1969-78	-	-
11. Dato Mohd. Rahmat	mem. 1975-79	Dep. Cabinet 1975-78 Cabinet 1978-79	-	mem. Johore 76-79
12. Dato Embong Yahya	Information 78-79*	MP & Parl Sec. 78-79	-	-
13. Tan Sri Kadir Yusoff	mem. 1978-79*	Cabinet 1978-79	-	-
14. Abdul Rahim Kiren	Treasurer 1957*	-	-	-
15. Mohd. Yasim Dato Abd. Rahman	mem. 1958*	-	State Assembly 58	-

KEDAH (State of Origin)

1. Tunku Abdul Rahman	President 1957-71	Prime Minister 1957-71	-	Head Kelantan 1962-63
2. Mohd. Khir Johari	mem. 57-60, 71-75 Vice-Pres. 1961-68 Sec-Gen. 1965-67*	Cabinet Minister 1957-75	-	Head Selangor 1962-63
3. Tan Sri Fatimah Hashim	Head UMNO Women 1957-1975 Vice-Pres. 1960-71	MP 1959-1971 Cabinet 1971-75.	-	-
4. Hj. Khalid Awang Osman	mem. 1960-64; Treasurer 1960-64*.	-	-	-
5. Dato Senu Abdul Rahman	mem. 1963; Gen-Sec. 1957, 68-79* Youth Head 1964-68 Vice-Pres. 1965-68	MP 1975-79 Cabinet 1963-69	-	mem. Kedah 74, 76-79; Head Negri Sembilan 1965-68.

(KEDAH continued)

<u>SEC Member</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
6. Dr. Mahathir Mohamad	mem. 65-7, 72-5 Vice-Pres. 75-8 Dep. Pres. 1978-9	MP 65-67, 74 Cabinet 1974-76 Dep. PM March 76-79	-	mem. Kedah 66-7, 72-79; Kedah Youth 66-7; Head Perak 78-9; Head Malacca to May 78.
7. Haniffiah Hussain	mem. 1964-71 Treasurer 65-68*	MP 1964-71	-	-
8. Datuk Syed Nahar Shahabuddin	mem. 1972-79	MP 1974-78	State Assembly 1957-74 Mentri Besar 1979	Dep. Head Kedah 1972-77 Head Kedah 1979
9. Dato Syed Ahmad Shahabuddin	mem. 1968-78*	-	State Assembly 1968	Head Kedah 68-78
10. Azahri Taib	mem. 1957-63	-	State Assembly 1957-63	-
11. Bibi Aishah Hamid Don	mem. 57*, 67, 68*, 71*	MP 1971	State Assembly 1957	-
12. Mohd. Zakir Ismail	mem. 1958*, 1960	-	State Assembly 1958, 1960	-
<u>KELANTAN (State of Origin)</u>				
1. Dr. Abd. Aziz Omar	mem. 1963-67*, 68	-	-	Dep. Head Kelantan 1963-66 417.
2. Tan Sri Nik Ahmad Kamil Mahmood	mem. 1964-67	MP 1964-67	-	Head Kelantan 1964-66

(KELANTAN continued)

<u>SEC Member</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
3. Nik Hassan Nik Yahya	mem. 1958-63	Fed. Counc. 1958 MP 1961-63	-	-
4. Abd. Hamid Mahmud	mem. 1957-58*	Fed. Counc. 1957-8	-	-
5. Tengku Razaleigh Hamzah	mem 1967-75 Treasurer 1971-79* Vice-President 75-79	MP 1974 Cabinet 1974-79	-	Head Kelantan 1971-76, 78-79
6. Hj. Mohd. Yaacob	mem. 73-75*, 76-79	Cabinet 1972-78	appointed Menteri Besar Kelantan march 1978-79	mem. Kelantan 1972-78; Dep. Head 1979
7. Tengku Ahmad Rith-auddin Tengku Ismail	mem. 72-75*, 75-79	Cabinet 1972-79	-	Head Kelantan 77 mem. Kel. 78-9 Dep Head 1972-75
8. Dato Abdullah Ahmad	mem. 1975-6*	Dep. Cabinet 75-78	-	mem. Kelantan 75-8
MALACCA (State of Origin)				
1. Abdul Ghafar Baba	mem. 1957-62 Vice-Pres. 1963-79	Cabinet 71- March 76 MP March 76-79	State Assembly 68 Chief Minister 1960- Oct. 1967	Head Malacca 1960-74, Oct. 1978-79
2. Hj. Abdul Ghani Ali	mem. 1972-75*, 75-79	-	Chief Minister 1969-78 Malacca	Dep Head Malacca 1972-74 Head late 74-79
3. Dato Hj. Talib Hj. Karim	mem. 1967-68*	-	State Assembly 67 Chief Minister Malacca Oct. 67-68	Dep Head Malacca 1968
4. Mohd. Adib Hj. Mohd. Aden	mem 1978-9*	-	Chief Minister Malacca 78-79	Dep Head Malacca 1978-79



# PAHANG (State of Origin)

<u>SEC Member</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
1. Tun Abdul Razak Hussein	Dep. Pres. 1957-71 President 1971-76	Dep. PM 1957-71 Prime Minister 71-76	-	Head Kelantan 67-8 Head Perak 62-71 Head Trengganu 71-76 mem. Pahang 1964-66
2. Abdul Rahman Talib	mem. 1957-66	Cabinet 1957-66	-	Head Negri S. 62-64
3. Tan Sri Yahya Mohd. Soh	mem. 57-8* 1962-71*	-	State Assembly 57-8, 62-3 Mentri Besar Pahang 64-71	Head Pahang 1957-58 1962-71
4. Abd. Aziz Ahmad	mem. 1960*, 72-5*	-	State Assembly 1960	Dep Head Pahang 1967-73
5. Dato Mohd. Jusoh	mem. 1975-8*	-	Mentri Besar Pahang 74-78	Dep. Head Pahang 1975-77
6. Abdul Rahim Bakar	mem. 1978-79*	-	Mentri Besar Pahang 78-79	Dep Head Pahang 78- July 79
7. Dato Hamzah Dato Abu Samah	mem. 1968-79	Cabinet 1971-79	-	Head Pahang 1972- July 79 mem. Pahang 1971
8. Tan Sri Ghazali Shafie	mem. 1971-79	Cabinet 1971-79	-	mem. Pahang 72-79
9. Dato Shariff Ahmad	mem. 1978-79	Cabinet 1978	-	mem. Pahang 78-79

# PENANG (State of Origin)

1. Hj. Ismail Che Chick	mem. 62*, 64-65*	State Assembly 1961-65	Head Penang 1961-65
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(PENANG continued)

<u>SEC Membership</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
2. Hj. Ahmad Hj. Abdullah Fahim	mem. 1958-60*, 1961-63	-	State Assembly 1959-63	-
3. Dato Hj. Ahmad Hj. Abdullah	mem. 1975-77*	-	-	Head Penang till May 1977
4. Abdullah Hj. Ahmad	mem. 1978-9*	MP & Parl. Sec. 78-9	-	Dep Head Penang Oct. 78-79
5. Abdul Aziz Ibrahim	mem. 1963	-	State Assembly 1963	-
6. Datuk Syed Hassan Aidid	mem. 1966-75*	MP 1968-75	-	Dep Head Penang 1966
7. Marina Yusof	mem. 1972-75*	-	-	-
8. Syed Kamarulzaman Bahaldin Syed	mem. 1957*	-	State Assembly 1957	-
<u>NEGRI SEMBILAN (State of Origin)</u>				
1. Bahaman Samsudin	mem. 1957-9 Treasurer 1958-9*	Cabinet 1957-59	-	-
2. Mohd. Idris Mat Sil	mem. 1957-8*	Fed. Counc. 1957-8	-	Head N.S. 1958
3. Mohd. Ujang	mem. 1961*	MP 1961	-	Head N.S. 1961
4. Dato Abd. Samad Idris	mem. 1966-79	Dep Cabinet 71-76 Cabinet 76-79	State Assembly 1966-68	mem. N.S. 66-68 N.S. Youth 67-8 Dep Head N.S. 71-9
5. Dato Mansor Othman	mem. 1971-78	-	Mentri Besar 1971-78 N.S.	Head N.S. 1971-78

(NEGRI SEMBILAN - N.S. - continued)

<u>SEC Membership</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
6. Dato Rais Yatim	mem. 1978-79	-	Mentri Besar N.S. 1978-79	Head N.S. 1978-79
7. Dato Mokhtar Hashim	mem. 1978-79	Dep. Cabinet 1978-79	-	Treasurer N.S. 1978-79
8. Tan Sri Mohd. Said Mohd.	mem. 60*, 62-64*, 68*	-	Mentri Besar N.S. 1960-68	Dep Head N.S. 1962-64, 68
PERAK (State of Origin)				
1. Dato Shaari Shafie	mem. 1961-63*	-	Mentri Besar Perak 1961-63	Head Perak 1961 Dep Head 1962 mem. 1963
2. Capt. Hj. Abd. Hamid Khan	mem. 1957-63	Fed. Counc. 1957-8 Dep. Cabinet 1959-61	-	mem. Perak 1961
3. Dato Hussein Mohd. Nordin	mem. 1963-68* Sec-Gen. 1959-62*	MP 1959-68	-	mem. Perak 1964-68
4. Mohd. Nor Ahmad	mem. 1957	-	-	-
5. Mohd. Ghazali Jawi	mem. 1957, 67-71	Cabinet 1971- 74 MP 1967-69	State Assembly 57-8 Mentri Besar Perak 1974-early 78	Head Perak 1957, 1972-78
6. Suleiman Bulon	mem. 1961, 67*	MP 1967	State Assembly 61	mem. Perak 61,67
7. Dato Ahmad Said	mem. 60*, 65-6*, 78	-	Mentri Besar Perak 1965-Oct. 70	Dep. Head Perak 65-Oct. 70
8. Dato Hj. Kamaruddin Hj. Mat Isa	mem. 1971-79	-	State Assembly 69-74 Mentri Besar Perak 1971-74	Dep Head Perak 71-77; mem. 79

(PERAK continued)

<u>SEC Membership</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
9. Dato Wan Mohd Hj. Wan Teh	mem. 1978-79*	-	Mentri Besar Perak 1978-79	Dep Head Perak 78-9; mem. 1979
10. Dato Hj. Ramli Omar	mem. 1978-79	Dep. Cabinet 1978-9	-	mem. Perak 78-79
PERLIS (State of Origin)				
1. Tan Sri Sheik Ahmad Mohd. Hashim	mem. 1957-62, 64-68	Fed. Counc. 1957-58	Mentri Besar Perlis 1959-68	Head Perlis 57-68
2. Dato Hj. Jaafar Hassan	mem. 67-71*, 72-79	-	Mentri Besar Perlis 1972-79	Head Perlis 71-79 mem. Perlis 67-68
3. Hj. Othman Abdullah	mem. 1968, 71, 76* Information 68, 71-76*	Dep. Cabinet 1977	-	Secretary Perlis 1968-71; mem. Perlis 72-75

SELANGOR (State of Origin)

1. Dato Abu Bakar Baginda	mem. 57*, 60*, 61-3	Fed. Counc. 1957	Mentri Besar Selangor 1960-62 State Assembly 1963	Dep. Head Sel. 1962-63
2. Abdul Aziz Ishak	mem. 1957-62 Vice-Pres. 1958-61	Cabinet 1957-61 MP 1962	-	Head Selangor 1957-61
3. Raja Mohd. Raja Allang	mem. 1957*	-	State Assembly 1957	mem. Selangor 1957 Head K.L. Div. 57.
4. Dato Harun Hj. Idris	mem. 64-68, 79 Vice-Pres. 1971-78 Youth 1972-78	-	Mentri Besar 1964- March 76	Head Selangor 1964- March 76

(SELANGOR continued)

<u>SEC Membership</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
5. Siti Hawa Musa	mem. 1958-59*	-	State Assembly 58-9	-
6. Dato Hj. Mustapha Hj. Abd. Jabar	mem. 67, 72-78* Sec-Gen. 78-79*	MP 1969-75 Dep Cabinet 1975-78	-	Dep Head Selangor 1964-77
7. Hj. Hamzah Alang	mem. 1967	MP 1967	-	mem. Selangor 1967
8. Datin Paduka Hajjah Aishah Abd. Ghani	mem. 60-71; Women 1975-79 Vice-Pres. 1972-79	MP 1974 Cabinet 1974-79	-	mem. Selangor 1965-June 77
9. Senator Rafidah Aziz	mem. 1975-79	MP & Parl. Sec. March 76 Dep. Cabinet 1977-79	-	-
10. Hj. Ahmad Razali Hj. Mohd. Ali	mem. 1975-78*	-	State Assembly 1975-78	Sec. Selangor up to Jan 1977
11. Hj. Suhaimi Hj. Kamaruddin	mem. 72-5; Youth 1976-79 Vice-Pres. 1976-79	MP 1974-79	-	mem. Selangor 1975-79
12. Halimathar Abd. Majid	mem. 1957-59	Fed. Counc. 1957-58	-	-
13. Dato Hormat Rafie	mem. 76-9	-	Mentri Besar Selangor 1976-79	Head Selangor 1976-79

TRENGGANU -Treng. - (State of Origin)

1. Engku Muhsein Abd. Khadir	mem. 1958-71	Fed. Counc. 1958 MP 61-62; Dep Cabinet 1963; Cabinet 64-65, 67-8	-	mem. Treng. 61-2, 66-8, 1971.
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(TRENGGANU -Treng.- continued)

<u>SEC Membership</u>	<u>UMNO SEC Posts</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SLC Posts</u>
2. Wan Abdul Kadir Wan Ismail	mem. 61, 64-76* Information 59-60*, 65-67*	MP 1964-69 Dep. Cabinet 1971-75	-	Dep. Head Treng. 71-74; mem 74-76
3. Tan Sri Ibrahim Fikri Mohd. Alhaj	mem. 1957-68	Fed. Counc. 1957-58	State Assembly 59-61 Mentri Besar Treng. 1962-68	Head Treng. 59-68
4. Datuk Hj. Nik Hassan Hj. Abd. Rahman	mem. 1974-75	MP 1974	Mentri Besar Treng. 1974	Head Treng. 1974
5. Dato Wan Mokhtar Wan Ahmad	mem. 1975-79	-	Mentri Besar Treng. 1974-79	Dep Head Treng. 1974-5 Head Treng. 76-79
6. Zakara Hj. Abdul Rahman	mem. 1975-78*	MP & Parl Sec. 1977	-	Dep Head Treng. 1977
7. Maran Othman	mem. 1978-79	Cabinet 1978-9	-	Dep Head Treng. 1978-79.

Source: UMNO, Penyata Tahunan (Annual Reports), 1957-1979 and from UMNO Headquarters.

Note: Abbreviations:- (Cabinet) Cabinet Minister; (Dep) Deputy; (Sec-Gen) Secretary-General;  
(Information) Head of Information; (Youth) Head UMNO Youth; (Women) Head UMNO  
Women; (mem) ordinary member holding no Executive Party Post;  
(Fed. Counc.) Federal Council; (\*) UMNO President's appointee.

Appendix 4: Leaders and Deputy Leaders of State Liaison Committees according to States and the other  
simultaneously held Government and Party Posts 1957-1979.

<u>SLC Leadership</u>	<u>SLC Posts &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>JOHORE</u>				
Dato Hj. Hassan Yurus	Head 1957-60	Federal Council 57-8	Mentri Besar 59-65	mem. 1960-68*
Dato Dr. Ismail Abd. Rahman	Head 1961-73	Deputy PM 1971-73 Cabinet 1957-67 MP 1968	-	Dep Pres. 1971-73 Vice-Pres. 1957-66 mem. 1959, 1967-68
Dato Hj. Othman Mohd. Saat	Head 1974-79	-	Mentri Besar 67-79	mem. 1967-79
Abdul Aziz Ishak	Sec. 1957-66	-	-	-
Dato Hj. Hassan Yurus	Dep. Head 1965	(see above)		
Dato Hj. Othman Mohd. Saat	Dep. Head 1966-73	(see above)		
Ali Hj. Ahmad	Dep. Head 1974-77	-	-	-
Dato Sri Musa Hitam	Dep. Head 1978-79	Cabinet 1976-79 Dep. Cabinet 1974-75 MP 1971-73	-	mem. 1971-78 Vice-Pres. 1978-79
<u>KEDAH</u>				
Syed Omar Shahabuddin	Head 1957-67	-	-	-
Dato Syed Ahmad Shahabuddin	Head 1968-78	-	State Assembly 68	mem. 1968-78*
Datuk Syed Nahar Shahabuddin	Head 1979	MP 1974-78	-	-
Dato Syed Ahmad Shahabuddin	Dep. Head 1957-63	(see above)		
Mohd. Zahir Ali Hj. Ismail	Dep Head 1964-70	-	-	-

<u>SLC Leadership</u>	<u>SLC Posts &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>KEDAH (continued)</u>				
Zaiuddin Hj. Isa	Dep Head 1971	-	-	-
Datuk Syed Nahar Shahabuddin	Dep Head 1972-77	(see above)		
Dato Syed Ahmad Shahabuddin	Dep Head 1978-79	(see above)		
<u>KELANTAN</u>				
Tengku Indra Putra	Head 1957-61	-	-	-
Tunku Abdul Rahman (of Kedah)	Head 1962-63	Prime Minister 1957-71	-	President 1957-71
Tan Sri Nik Ahmad Kamil Mahmood	Head 1964-66	MP 1964-67	-	mem. 1964-67
Tun Abdul Razak Hussein (of Pahang)	Head 1967-70	Prime Minister 1971-76 Deputy PM 1957-71		President 1971-76 Dep. President 57-71
Tengku Razaleigh Hamzah	Head 1971-76	Cabinet 1974-79	-	Vice-President 75-79 Treasurer 1971-79*
Tengku Ahmad Rithaiddin	Head 1977	Cabinet 1972-79	-	mem. 1972-5*, 1975-79
Tengku Razaleigh Hamzah	Head 1978-79	(see above)		
Hamzah Ghani	Sec. 1957-61	-	-	-
Dr. Abdul Aziz Omar	Dep Head 1962-66	-	-	mem. 1963-67*, 1968



<u>SIC Leadership</u>	<u>SIC Posts &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
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KELANTAN (continued)

Tengku Razaleigh Hamzah	Dep Head 1967-70	(see above)		
Tengku Ahmad Rithauddin	Dep Head 1971-76	(see above)		
Mohd. Hj. Ali	Dep Head 1977	-	-	-
Hj. Mohd. Yaacob	Dep Head 1978-79	Cabinet 1972-78	appointed Mentri Besar March 78-79	mem. 1973-75* 1976-79

MALACCA

Abdul Ghafar Baba	Head 1957-74	Cabinet 1971-76 MP 1977-79	Chief Minister 1960-67; State Assembly 68	Vice-President 1963-79; mem. 57-62
Hj. Abdul Ghani Ali	Head late 74-78	-	Chief Minister 1969-78	mem. 1972-75* 1975-79
Dr. Mahathir Mohd. (of Kedah )	Head 1978 - May 78	Dep. PM 1976-79	-	Deputy President 1978-79
Dato Sri Musa Hitam (of Johore)	Head May 78-Oct.78	Cabinet 1976-79	-	Vice-Pres. 1978-79
Abdul Ghafar Baba	Head Oct. 78-79	(see above)		
Hassan Mansor	Sec. 1957-63	-	-	-
Dato Hj. Talib Hj. Karim	Dep Head 1964-71	-	State Assembly 67	mem. 1967-68*
Hj. Abdul Ghani Ali	Dep Head 1972-74	(see above)		

<u>SLC Leadership</u>	<u>SLC Posts &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>MALACCA (continued)</u>				
Ahmad Hj. Meaop	Dep Head 1974-77	-	-	-
Mohd. Adib Hj. Mohd. Aden	Dep Head 1978-79	-	Chief Minister 1978-79	mem. 1978-79*
<u>NEGRI SEMBLIAN</u>				
Abu Bakar Osman	Head 1957	-	-	-
Mohd. Idris Matsil	Head 1958-59	Federal Council 57-8	-	mem. 1957-58*
Mohd. Ujang	Head 1960-61	MP 1961	-	mem. 1961*
Abdul Rahman Talib (of Pahang)	Head 1962-64	Cabinet 1957-66	-	mem. 1957-66
Dato Senu Abd. Rahman (of Kedah)	Head 1965-70	Cabinet 1963-69	-	Vice-Pres. 1965-68 Gen-Sec. 57, 68-79*
Dato Mansor Othman	Head 1971-78	-	Mentri Besar 71-78	mem. 1971-78
Dato Rais Yatim	Head 1978-79	-	Mentri Besar 78-79	mem. 1978-79
Raja Mohd. Hanafiah	Sec. 1957	-	-	-
Taha Talib	Sec. 1958	-	-	-
Mohd. Ujang	Sec. 1959	(see above)	-	-
Tan Sri Mohd. Said Mohd.	Dep Head 1962-70	-	Mentri Besar 60-68	mem. 60*, 62-64*, 68*
Dato Abd. Samad Idris	Dep Head 1971-79	Cabinet 1976-79	-	mem. 1966-79

<u>SLC Leadership</u>	<u>SLC Posts &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>PAHANG</u>				
Tan Sri Yahya Mohd. Seh	Head 1957-71	-	State Assembly 1957-8, 196-3 Mentri Besar 64-71	mem. 1957-8* 1962-71*
Dato Hamzah Dato Abu Samah	Head 1972-July 79	Cabinet 1971-79	-	mem. 1968-79
Datuk Hussein Onn (Johore)	Head July 79	Prime Minister	-	President 1978-79
Abdul Aziz Ahmad	Sec. 1957-60	-	State Assembly 60	mem. 60*, 1972-75
Abu Bakar Hj. Ahmad	Sec. 1961-66	-	-	-
Abdul Aziz Ahmad	Dep Head 1967-73	(see above)		
Dato Mohd. Jusoh	Dep Head 1974-77	-	Mentri Besar 1974	mem. 1975-78*
Abdul Rahim Abu Bakar	Dep Head 78-July 79	-	Mentri Besar 1978-9	mem. 1978-79*
<u>PENANG</u>				
Hashim Awang	Head 1957-59	-	-	-
Hj. Ismail Che Chick	Head 1960-66	-	State Assembly 61-65	mem. 1962*, 64-65*
Datuk Syed Hassan Aidid	Head 1967-74	MP 1968-75	-	mem. 1966-75*
Dato Hj. Ahmad Hj. Abdullah	Head 1975-May 77	-	-	mem. 1975-77*
Datuk Hussein Onn (Johore)	Head May 77-Oct. 78	Prime Minister	-	President 1978-79
Abdul Ghafar Baba (Malacca)	Head Oct. 78-79	Cabinet 1971-76	Chief Minister (Malacca) 1960-67	Vice-Pres. 1963-79
Hj. Aziz Ibrahim	Sec. 1957-61	-	-	-

<u>SLC Leadership</u>	<u>SLC Post &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>PENANG (continued)</u>				
Osman Abd. Rahman	Sec. 1962	-	-	-
Abd. Majid Hussein	Sec. 1963	-	-	-
Datuk Syed Hassan Aidid	Dep Head 1964-66	(see above)		
Ibrahim Abdul Rahman	Dep Head 1967	-	-	-
Abd. Aziz Ahmad	Dep Head 1968-70	-	-	-
Ahmed Said	Dep Head 1971-73	-	-	-
Dato Hj. Ahmad Hj. Abdullah	Dep Head 1974	(see above)		
Ismail Idris	Dep Head 1975-76	-	-	-
Abd. Rahman Hj. Abab	Dep Head 1977	-	-	-
Mohd. Nor Hj. Bakar	Dep Head 1978-Oct. 78	-	-	-
<u>PERAK</u>				
Mohd. Ghazali Jawi	Head 1957-59	Cabinet 1971-74	Mentri Besar 1974-78	mem. 1957, 67-71
Dato Shaari Shafie	Head 1960-61	-	Mentri Besar 1961-63	mem. 1961-63
Tun Abdul Razak Hussein (Pahang)	Head 1962-71	Prime Minister	-	President 1971-76
Mohd. Ghazali Jawi	Head 1972-78	(see above)		
Dr. Mahathir Mohd. (Kedah)	Head 1978-79	Deputy Prime Minister 1976-79	-	Dep President 1976-79
Cherose Abdullah	Sec. 1957-58	-	-	-

<u>SLC Leadership</u>	<u>SLC Post &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>PERAK (continued)</u>				
Mohd. Ali Zaini	Sec. 1959	-	-	-
Dato Sha'ari Shafie	Dep Head 1962-63	(see above)		
Dato Ahmad Said	Dep Head 1964-Oct.70	-	Mentri Besar 1965-Oct.70	mem. 60, 65-66, 78*
Dato Hj. Kamaruddin Hj. Mohd. Isa	Dep Head 1971-77	-	Mentri Besar 1971-74	mem. 1971-79
Dato Wan Mohd. Hj. Wan Teh	Dep Head 1978-79	-	Mentri Besar 1978-79	mem. 1978-79*
<u>PERLIS</u>				
Tan Sri Shiek Ahmad Mohd. Hashim	Head 1957-70	Federal Council 1957-58	Mentri Besar 1959-68	mem. 1957-62, 1964-68
Dato Hj. Jaafar Hassan	Head 1971-79	-	Mentri Besar 1972-79	mem. 1967-71*, 1972-79
Hj. Othman Abdullah	Sec. 1957-63	-	-	mem. 68, 71, 76*
Mokhtar Hj. Ismail	Dep Head 1964	-	-	-
Hj. Othman Abdullah	Dep Head 1965	(see above)		
Dato Hj. Jaafar Hassan	Dep Head 1966	(see above)		
Ahmad Musa	Dep Head 1967-68	-	-	-
Yusof Abdullah	Dep Head 1972	-	-	-

<u>SLC Leadership</u>	<u>SLC Post &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>PERLIS (continued)</u>				
Yusof Abu Bakar	Dep Head 1973-77	-	-	-
Syed Hassan Syed Mohd.	Dep Head 1978-79	-	-	-
<u>SELANGOR</u>				
Abdul Aziz Ishak	Head 1957-61	Cabinet 1957-61	-	mem. 1957-62
Tunku Abdul Rahman (Kedah)	Head 1962-63	Prime Minister 1957-1971	-	President 1957-71
Dato Harun Hj. Idris	Head 1964-March 76	-	Mentri Besar 64-76	Vice-Pres. 71-78
Dato Hormat Rafei	Head 1976-79	-	Mentri Besar 76-79	mem. 76*, 78-79
Hj. Hamzah Alang	Sec. 1957-61	MP 1967	-	mem. 1967
Dato Abu Bakar Baginda	Dep Head 1962-63	Federal Council 57	Mentri Besar 60-62	mem. 57*, 60*, 61-63
Dato Hj. Mustapha Hj. Abdul Jabar	Dep Head 1964-77	MP 1969-75	-	mem. 1967, 72-78*
Shoib Hj. Ahmad	Dep Head 1978-79	-	-	-
<u>TRENGGANU</u>				
Tan Sri Ibrahim Fikri Mohd. Alhaj	Head 1957-70	Federal Council 57-8	Mentri Besar 62-68	mem. 1957-68
Tun Abdul Razak (Pahang)	Head 1971	Prime Minister 1971-1976	-	President
Datuk Hj. Nik Hassan Hj. Abd. Rahman	Head 1972-late 74	MP 1974	Mentri Besar 1974	mem. 1974-75

<u>SLC Leadership</u>	<u>SLC Post &amp; Year</u>	<u>Central Govt. Posts</u>	<u>State Govt. Posts</u>	<u>UMNO SEC Posts</u>
<u>TRENGGANU (continued)</u>				
Tun Abdul Razak (Pahang)	Head late 74-75 (see above)	Prime Minister 1971-76	-	President 1971-76
Dato Hj. Wan Mokhtar Wan Ahmad	Head 1976-79	-	Mentri Besar 1976-79	mem. 1975-79
Suleiman Ali	Sec. 1957-58	-	-	-
Engku Wrok Abdul Rahman Abdul Khadir	Sec. 1959-60	-	-	-
Mansor Mohd.	Sec. 1962-70	-	-	-
Wan Abd. Kadir Wan Ismail	Dep Head 71-late74	Dep Cabinet 71-75	-	mem. 61, 64-76 Information 59-60,* 1965-67*
Dato Hj. Wan Mokhtar Wan Ahmad	Dep Head 1974-75	-	Mentri Besar 1974-79	mem. 1975-79
Tengku Mohd. Mansor	Dep Head 1976	-	-	-
Zakara Hj. Abd. Rahman	Dep Head 1977	MP & Parl. Sec. 1977	-	mem. 1975-78*
Maran Othman	Dep Head 1978-79	Cabinet 1978-79	-	mem. 1978-79

Source: UMNO, Penyata Tahunan (Annual Reports), 1957-1979 and from UMNO Headquarters.

Note: Central and State Posts listed refer only to major posts held concurrently with SEC membership;

Some SLC's did not always appoint Deputy Heads in such cases the Secretary has been listed;

Abbreviations: (Dep) Deputy; (Sec) Secretary; (\*) UMNO Presidents appointee; (mem) ordinary SEC

member holding no Executive Party Post; (Information) Information Chief; (Sec-Gen) Secretary-General.

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